

NASSAU COUNTY
NEW YORK



COMPREHENSIVE
ANNUAL FINANCIAL
REPORT
OF THE
COMPTROLLER

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2001

HOWARD S. WEITZMAN
COMPTROLLER

NASSAU COUNTY
NEW YORK



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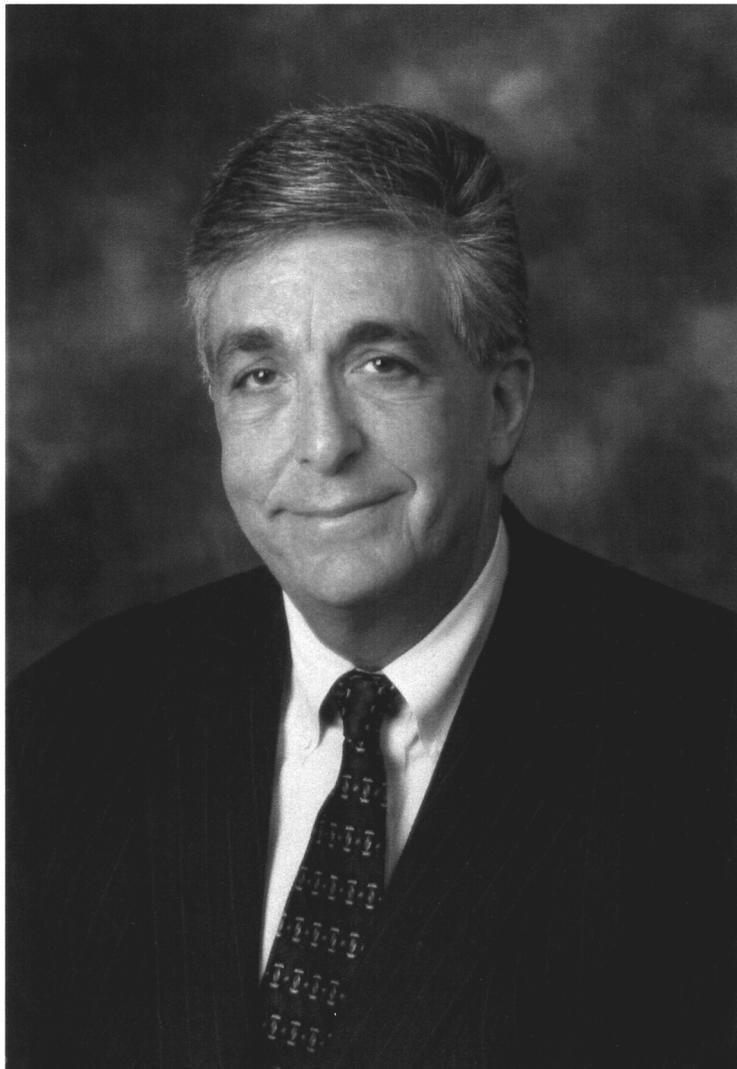
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2001

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COUNTY OF NASSAU, NEW YORK

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED DECEMBER 31, 2001

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PART I

INTRODUCTORY SECTION

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June 26, 2002

Hon. Thomas R. Suozzi, Nassau County Executive
Members of the Nassau County Legislature:

The comptroller's office is committed to working with you to help solve the financial challenges facing the county, while maintaining our role as the county's independent fiscal watchdog. An important part of that role is the preparation of this Comprehensive Annual Financial Report ("the report") for the year ended December 31, 2001, as required by New York State County Law, Article 14 § 577.1(j-k).

Nassau County completed the fiscal year ended December 31, 2001, with a combined surplus in its five major funds (General Fund, Police Headquarters, Police Districts, County Parks and Fire Commission) of \$7.1 million, as determined by current governmental accounting principles generally accepted in the United States. At year-end, the \$7.1 million was transferred to the Technology Reserve Fund for future technology requirements.

The 2001 surplus is primarily attributable to the financial intervention of the Nassau Interim Finance Authority (NIFA). Without the infusion of \$115.4 million in aid from NIFA, as well as the use of some \$22 million in tobacco settlement monies and \$12.8 million of the fiscal year 2000 surplus, the county would have ended 2001 with a \$143 million deficit. NIFA is reported as a blended component unit in the county's financial statements.

Nassau County would have ended fiscal year 2001 with an operating surplus of \$19.4 million if not for an expense accrual of \$12.3 million to reflect the impact of state-aid advances that were improperly recorded as revenue in prior years. It should also be noted that the county had an unreserved fund balance of \$27.8 million from 1999 surplus funds, \$18 million of which was appropriated in the 2002 Adopted Budget.

Effective beginning with fiscal 2002, the county must adopt Governmental Accounting Standards Board Statement No. 34 (GASB 34) – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The county is in the process of evaluating the impact on the financial statements resulting from the adoption of GASB 34.

Responsibility for the accuracy of the report's data and the completeness and fairness of the data's presentation – including all disclosures – rests with the county. I believe the data, as presented, is accurate in material aspects; and fairly presents the financial and operational condition of the county – as measured by the financial activity of its various funds, account groups and component units, and that necessary disclosures have been included.

The report contains three sections: introduction, financial statements, and statistics. In addition to this transmittal letter, the introductory section includes the county's organizational chart and a listing of principal officials. The financial section incorporates the general-purpose financial statements and the combined & individual fund-and account-group financial statements and schedules, as well as the independent auditors' report prepared by Deloitte & Touche, LLP. The Notes to the Combined Financial Statements are an integral part of this report and must be referred to when assessing the financial data. The statistical section includes selected financial and demographic information that is generally presented on a multi-year basis. While the data included in the statistical section have been verified and are believed to be accurate, they have not been subject to the audit process applied to the statements and schedules contained within the financial section.

The county is also required to undergo an annual "single audit" in conformance with the provisions of the Federal Single Audit Act (as amended) and the United States Office of Management and Budget's Circular A-133: *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit – including the schedule of expenditures of federal grants, findings, recommendations and corrective action plan; the independent auditors' report on internal controls over financial reporting, based on an audit of financial statements performed in accordance with *Government Auditing Standards* and its report on compliance with applicable laws, regulations, contracts and grants applicable to major federal programs; and internal controls over such compliance – are usually not provided in this report. This information is usually presented as a separate report. The independent auditors' report on compliance and on internal controls over financial reporting is included as an appendix. The auditors' report for 2001 identifies certain internal-control weaknesses related to the reconciliation of cash-account balances, which are being addressed by the county treasurer.

The county funds a full range of municipal services – including public safety, health and education, highways and sanitation, public improvements and parks, recreational facilities and cultural events, as well as planning and general administrative services.

The various funds, account groups, and component units included in this report are deemed to be controlled by, or financially accountable to, the county based on criteria set forth by the Governmental Accounting Standards Statement No. 14 as discussed in Note 1 to the Combined Financial Statements.

FINANCIAL CONDITION

Nassau County is one of America's wealthiest suburban communities. The county has, nevertheless, increasingly encountered severe financial difficulties, including deepening structural deficits and diminished debt ratings. This occurred during a decade of substantial economic growth nationwide, as county services and expenses grew over the years without a corresponding increase in revenues. As a result, the Nassau County Interim Finance Authority (NIFA) was created by New York State to reduce the cost of borrowing and oversee the county's financial plan.

With NIFA's aid, the county ended 2001 with a combined operating surplus of \$7.1 million for its five major funds. The entire amount was transferred to the newly established Technology Reserve Fund.

MAJOR INITIATIVES

The county's capital improvement program has been negatively impacted by the substantial amount of debt incurred to pay successful property tax assessment challenges, of which more than \$1 billion in bonds are outstanding. However, during 2001 the county has been able to complete major public works projects previously underway. They include \$26.4 million of construction costs in road rehabilitation and traffic control maintenance and \$2.6 million in park improvements. Also completed were \$20 million of improvements at the Cedar Creek Water Pollution Control Plant; \$15 million worth of building improvements at the Bay Park Sewage Treatment Plant; and rehabilitation of sewage pumping stations, pipelining, and creeks at a cost of almost \$6 million. A number of building refurbishments – such as roof replacements and alarm systems for Nassau County buildings – were completed at a cost of \$1.6 million.

Significant projects currently underway include \$3.6 million in park improvements and \$23.3 million worth of road rehabilitations, traffic controls and street light maintenance. Also under construction are \$26 million of improvements at the Bay Park Sewage Treatment Plant; \$21 million of improvements at the Cedar Creek Water Pollution Control Plant; and \$6.7 million of various pipeline, manhole, and sewer rehabilitation and pond dredging. Building construction and improvements include \$2 million for the construction cost of the police department's marine bureau facilities at Bay Park and \$2.1 million in court improvements.

Subject to the county's new five-year capital-spending plan, work slated to begin in 2002 includes more than \$41 million in road improvements; \$10.5 million rehabilitation of the Long Beach Bridge; and \$1.8 million in improvements to various parks and athletic fields. Planned work also includes more than \$9 million of sewer and sewer plant improvements and \$4.8 million of pond dredging and stream-water basin rehabilitation. A number of building improvements, at a cost of \$6 million, are also anticipated.

FINANCIAL INFORMATION

Internal Controls

The county comptroller is responsible for auditing, establishing and maintaining an internal control structure designed to ensure that the assets of the county are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for preparation of financial statements in conformance with accounting principles generally accepted in the United States. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgment by county managers.

As a recipient of federal grants, the county also is responsible for establishing an internal control structure in compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by personnel in the comptroller's office as well as by the independent auditors engaged to conduct the annual single audit as required by law.

During their audit of the county's 2001 financial statements, our independent auditors identified certain internal-control weaknesses related to cash account-balances reconciliations. We understand that the new county treasurer is addressing these issues.

Budgetary Controls

In addition, the county establishes budgetary controls to ensure compliance with legal provisions contained in the annual appropriated budgets approved by the county legislature. Activities of the General Fund and of the Special Revenue Funds, with the exception of the Grant Fund, are provided for in annual appropriated budgets. Activities of the Grant Fund are appropriated for the life of each grant, as the individual grants are made available to the county. Project-length financial plans are adopted for the Capital Projects Funds. The level of budgetary control at which expenditures cannot exceed the appropriated amount is exercised by object appropriation level within a department control center. The county also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations, which have not been expended or encumbered, lapse at the end of the year. Encumbrances outstanding at year-end are recorded in order to reserve that portion of the applicable appropriation and may be expended in a subsequent budgetary period.

General Governmental Functions

The schedule on the following page presents a summary of the revenues and other financing sources for the General Fund, Police Headquarters, County Parks and Fire Commission, for the year ended December 31, 2001, and the amount and percentage of increases/ decreases in relation to prior-period revenues and other financing sources. Certain financial exhibit details have been combined for letter of transmittal presentation, in addition to the netting of sources and use of funds for debt refunding. These figures do not include the Police District Fund, which does not cover all county residents:

Table 1: Summary of Revenues and Other Financing Sources, \$ thousands

	2001 Amount	Percent of Total	Increase (Decrease) from 2000	Percent of Increase (Decrease)
Interest and Penalties on Taxes	\$ 19,014	0.9%	\$ 5,717	43.0%
Investment Income	16,257	0.8%	(6,355)	-28.1%
Departmental	149,157	7.0%	(18,870)	-11.2%
Interdepartmental	101,625	4.8%	(4,150)	-3.9%
Federal Aid	106,037	5.0%	820	0.8%
State Aid	200,092	9.4%	13,924	7.5%
Sales Tax	806,683	38.0%	8,002	1.0%
Property Taxes	291,068	13.7%	36,373	14.3%
Proceeds from Tax Certiorari and Other Judgments and Borrowings	186,102	8.8%	47,707	34.5%
Operating Transfers In	172,860	8.1%	(16,878)	-8.9%
Other	<u>74,205</u>	<u>3.5%</u>	<u>(24,634)</u>	<u>-24.9%</u>
TOTAL	<u>\$ 2,123,100</u>	<u>100.0%</u>	<u>\$ 41,656</u>	

The increase in interest and penalties on taxes results from the introduction of several revenue initiatives related to penalties and fees on delinquent property taxes. Investment income decreased as a result of declining interest rates. The significant decline in departmental revenue is primarily attributable to the prior-year's receipt of a contractual reimbursement for a retroactive intergovernmental transfer from New York State to the Nassau Health Care Corporation (NHCC). The decrease in interdepartmental revenue, associated with charge-backs for workers' compensation, result from a prior year accrual that exceeds actual expenditures and a procedural change whereby costs incurred by the county on behalf of the NHCC are not charged back within the General Fund. Federal aid revenue fluctuates slightly in direct relation to associated reimbursable expenditures. The increase in state aid represents additional reimbursements for escalated social service and mental health expenditures. While sales tax receipts appear to have grown by only 1%, it is important to note that the amount shown is net of set-asides for debt repayment held by NIFA. Actual fiscal 2001 sales tax revenues grew by approximately 3.1 % over the prior year. Property-tax receipts rose as a result of an increase in the county tax levy. The borrowing necessary to fund successful property-tax challenges increased, as did associated payments, since the county attempted to clear up a portion of the backlog of these liabilities. Operating transfers declined substantially since less investment income was available from the Capital Fund to be used for debt-service costs. The absence of two extraordinary items received during the prior year, LIPA settlement revenue and retroactive New York State reimbursement for state-ready prisoners at the Correctional Center, led to a drop in other revenues.

The schedule on the following page summarizes expenditures and other uses for the General Fund, Police Headquarters, County Parks and Fire Commission, for the year ended December 31, 2001 and the amount and percentage of increases/ decreases in relation to prior-period expenditures and other uses as previously presented. Certain financial exhibit details have been combined for letter of transmittal presentation. These figures also do not include the Police District Fund, which does not cover all county residents.

Table 2: Summary of Expenditures, \$ thousands

	2001 Amount	Percent of Total	Increase (Decrease) from 2000	Percent of Increase (Decrease)
Legislative and Judicial	\$ 51,395	2.4%	\$ 4,492	9.6%
General Administration	179,530	8.5%	7,955	4.6%
Protection of Persons	286,261	13.5%	4,430	1.6%
Health	162,353	7.7%	16,449	11.3%
Public Works	44,039	2.1%	2,732	6.6%
Recreation and Parks	58,298	2.7%	1,720	3.0%
Social Services	518,640	24.5%	18,900	3.8%
Corrections	171,555	8.1%	27,832	19.4%
Education	4,779	0.2%	(575)	-10.7%
Aid to Towns and Cities	49,097	2.3%	1,661	3.5%
Payments for Tax Certiorari and Other Judgment Borrowings	175,474	8.3%	52,584	42.8%
Other Expenditures	45,743	2.2%	8,825	23.9%
Debt Service	1,421	0.1%	(653)	-31.5%
Operating Transfers	372,088	17.4%	(100,782)	-21.3%
TOTAL	\$2,120,673	100.0%	\$ 45,570	

The county's increased expenditures partially resulted from scheduled step and cost-of-living increases paid to county workers pursuant to various collective bargaining agreements and county ordinances. Additionally, during 2001, the outstanding balance of early retirement-incentive programs and certain other retirement benefit costs were paid in full. In the past, the county had elected to finance these expenditures through the State Retirement System, for the most part, over a five-year period. This change, along with a 10% hike in health-insurance premiums, resulted in an increase in fringe-benefit expenditures over the prior year for most county agencies.

In addition to the increased personnel costs described above, health expenditures rose as a result of an increased early-intervention caseload. A significant portion of these costs is offset by state aid and Medicaid reimbursement. The increase in social service expenses was primarily due to a \$12.3 million expense accrual established to correct New York State advances that had been incorrectly recorded as revenue during the period 1996 through 2001. The increase in salary expenditures for corrections was proportionately higher than that for other agencies as a result of the settlement of the Sheriff's Officers Association labor contract, which included retroactive pay adjustments. County aid to local towns and cities increased in proportion to overall sales-tax revenue growth. Payments for successful property-tax assessment challenges increased significantly over the prior year as a result of efforts to reduce the backlog of related claims. The increase in other expenditures is directly related to the payment of early-retirement incentive costs made on behalf of the NHCC, and the timing of other ongoing payments to the NHCC, of

which certain amounts were advanced at the transfer date in 1999, thereby lowering the amount paid in 2000. Operating transfers decreased substantially as a result of a decline in debt-service requirements since NIFA refinanced \$90 million in long-term county debt and less surplus funds were available to be transferred to the Debt Service Fund.

General Fund

The County ended the 2001 year with a \$34.7-million unreserved fund balance in the General Fund, of which \$7.1 million was transferred to the newly created Technology Reserve Fund to fund future information-technology initiatives. The ending fund balance included \$27.5 million from 1999, as well as a number of other significant non-recurring revenues. NIFA generated more than \$105 million of these revenues and savings, including \$90 million in savings from debt restructuring and \$15 million of direct transitional New York State aid. Other non-recurring gains include \$22 million from tobacco securitization and approximately \$13 million of the fiscal year 2000 surplus that was used for debt-service expenditures.

Special Revenue Funds

Unreserved fund balances (deficits) for each of the special revenue funds are set forth below – as of December 31, 2001 and December 31, 2000 – together with the amount of increase or decrease over 2000.

Table 3: Unreserved Fund Balances for Each of the Special Revenue Funds, \$ thousands

	December 31, 2001				
	Fund Balance (Deficit) Unreserved	Fund Balance Unreserved and Designated for Ensuing Year's Budget	Fund Balance (Deficit) Unreserved and Undesignated	Fund Balance (Deficit) Unreserved, December 31, 2000	Increase (Decrease) over 2000
Police District	\$ -	\$ -	\$ -	\$ (7,701)	\$ 7,701
Police Headquarters	-	-	-	-	-
Fire Prevention, Safety, Communication and Education	235	-	235	74	161
Sewage Disposal District #1	697	276	421	1,998	(1,301)
Sewage Disposal District #2	13,520	866	12,654	(1,254)	14,774
Sewage Disposal District #3	9,826	4,051	5,775	8,515	1,311
Sewage Collection Districts	11,011	4,626	6,385	10,322	689
Grant	(52,374)	-	(52,374)	(55,064)	2,690
County Parks and Recreation	-	-	-	-	-
NIFA General Fund	526	-	526	484	42
Technology Reserve	7,100	-	7,100	-	7,100
TOTAL	\$ (9,459)	\$ 9,819	\$ (19,278)	\$ (42,626)	\$ 33,167

The Police Headquarters Fund's initial 2001 deficit was eliminated as a result of a \$93 million transfer from the county's General Fund.

Pension Funding

Almost all county employees are members of either the New York State and Local Employees' Retirement System or the New York State and Local Police and Fire Retirement System. During 2001, the remaining balance of the early-retirement-incentive programs and certain other retirement-benefit costs – historically financed over a five-year period – were paid in full from the fiscal 2000 surplus funds.

Debt Administration

On December 31, 2001, the county had approximately \$2.4 billion in long-term serial bonds outstanding, with \$1.8 billion for general county purposes; this includes \$855 million for financing tax certiorari settlements, and nearly \$317 million for sewage district purposes. NIFA had \$436 million of bonds for county purposes outstanding, of which \$145 million was for tax settlements. Also outstanding at year-end were state-revolving-fund loans in the amount of \$2.7 million. The county's uninsured bonds are rated "Baa3" by Moody's Investors Service, "BBB-" by Standard and Poor's (S&P) Rating Group, and "BBB" with Fitch IBCA, Inc. For those bonds that have been insured by municipal bond insurance companies, the county has maintained its "Aaa" rating from Moody's and its "AAA" rating from both S&P and Fitch. Under current New York State law, the county's bonded-debt issuances, excluding debt for sewage and water projects, are subject to a constitutional limitation based on ten percent of the average full valuation of real property for the latest five years. The county's net outstanding indebtedness on December 31, 2001, was approximately 27 percent of its constitutional debt limit, which represents no change from 2000. The county's bonded debt per-capita, including NIFA and Nassau Community College debt, was \$2,129.

Cash Management

While the county has an aggressive cash-management program, its policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Substantially all idle funds are invested from one to 30 days and are fully collateralized by securities prescribed in the law and held in trust by the county's agent, in the name of the county, for this purpose. As of December 31, 2001, \$405 million was invested at rates ranging from 1.7 to 2.2 percent annually. These investments were in repurchase agreements and certificates of deposit.

Risk Management

The county is exposed to various risks of loss related to torts, property loss, employee injuries, errors related to and omissions of its employees, and natural disasters. The county carries property insurance on all county-owned real property and on certain personal property for losses in excess of \$100,000. It also carries liability insurance on its police helicopters and a blanket fidelity bond covering all county employees. Essentially all other risks are assumed by the county directly and are paid out of its operating or capital funds. Expenditures for claims are recorded when paid or when liabilities are recorded if it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

OTHER INFORMATION

Independent Audit

The accounting firm of Deloitte & Touche LLP was selected by the county's audit committee to perform an independent audit of the county's financial statements as of, and for the year ended, December 31, 2001. The auditors' report on the general-purpose financial statements and combined and individual fund statements and schedules is in the Financial Section. Their report on compliance and internal control over financial reporting is included after the statistical section.

Awards

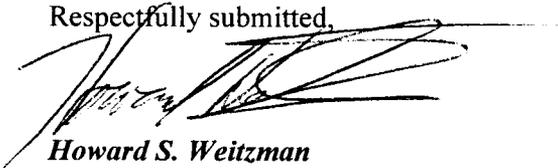
The Government Finance Officers Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the county for its Comprehensive Annual Financial Report for the year ended December 31, 2000. This is the 17th consecutive year in which the county's Comprehensive Annual Financial Report has been so honored. In order to be awarded the Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this current report continues to conform to the program requirements, and we plan to submit it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the invaluable assistance of the efficient and dedicated staff of the County Comptroller's Office and our independent auditors, Deloitte & Touche LLP. I would like to express my appreciation to all those who assisted and contributed to its preparation.

Respectfully submitted,



Howard S. Weitzman
Nassau County Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Nassau,
New York

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2000

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Imelda Arce
President

Jeffrey L. Esser
Executive Director

COUNTY OF NASSAU, NEW YORK

PRINCIPAL OFFICIALS

December 31, 2001

Executive

County Executive
County Comptroller
County Treasurer
County Attorney
Director of the Budget
District Attorney
County Clerk
Chairman, Board of Assessors

Thomas S. Gulotta
Frederick E. Parola
Daniel J. McCloy
Alfred F. Samenga
Margaret Robertson, Esq.
Denis Dillon
Karen V. Murphy
Charles O'Shea

Legislative

Judith A. Jacobs, Presiding Officer
Roger Corbin, Deputy Presiding Officer
Lisanne G. Altman, Alternate Deputy Presiding Officer
Peter J. Schmitt, Minority Leader
Legislator Patrick Williams, Sr.
Legislator John J. Ciotti
Legislator Michael Zapson
Legislator Joseph Scannell
Legislator Francis X. Becker, Jr.
Legislator Jeffrey Toback
Legislator Vincent T. Muscarella
Legislator Richard J. Nicoello
Legislator Craig M. Johnson
Legislator Norma Gonsalves
Legislator Salvatore B. Pontillo
Legislator Dennis Dunne, Sr.
Legislator Edward P. Mangano
Legislator Brian Muellers
Legislator David Denenberg

16th Legislative District
2nd Legislative District
10th Legislative District
12th Legislative District
1st Legislative District
3rd Legislative District
4th Legislative District
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15th Legislative District
17th Legislative District
18th Legislative District
19th Legislative District

COUNTY OF NASSAU, NEW YORK

PRINCIPAL OFFICIALS

January 1, 2002

Executive

County Executive
County Comptroller
County Treasurer
County Attorney
Director of the Budget
District Attorney
County Clerk
Chairman, Board of Assessors

Thomas R. Suozzi
Howard S. Weitzman
Henry M. Dachowitz
Lorna B. Goodman
Craig W. Love
Denis Dillon
Karen V. Murphy
Charles O'Shea

Legislative

Judith A. Jacobs, Presiding Officer
Roger Corbin, Deputy Presiding Officer
Lisanne G. Altmann, Alternate Deputy Presiding Officer
Peter J. Schmitt, Minority Leader
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Legislator Norma Gonsalves
Legislator Salvatore B. Pontillo
Legislator Dennis Dunne, Sr.
Legislator Edward P. Mangano
Legislator Brian Muellers
Legislator David Denenberg

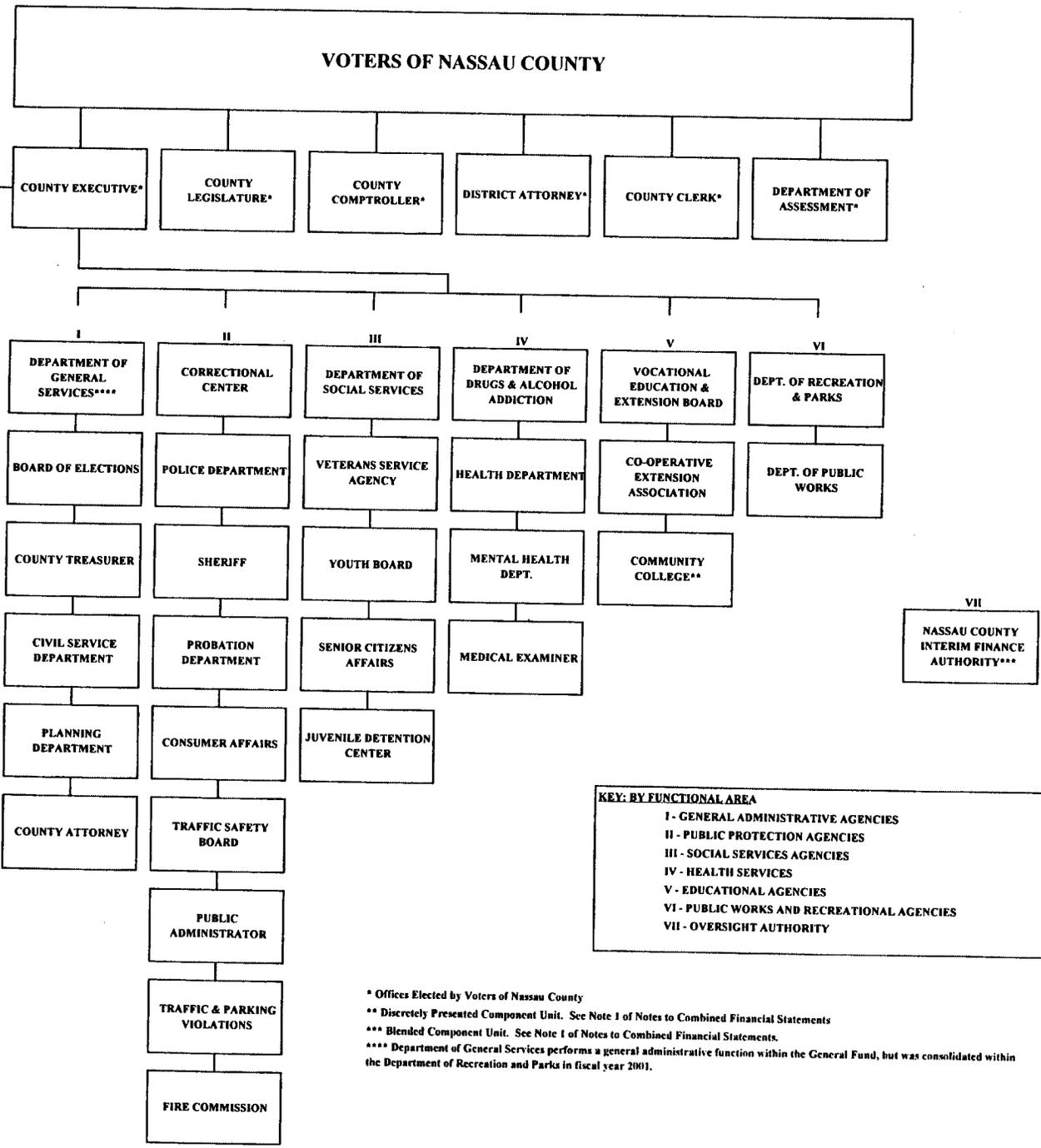
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18th Legislative District
19th Legislative District

COUNTY OF NASSAU, NEW YORK

COUNTY DEPARTMENTS AND OFFICES

As of December 31, 2001

COUNTY EXECUTIVE OFFICES
 CASA
 COMMISSIONER OF ACCOUNTS
 HOUSING & INTERGOVT. AFFAIRS
 HUMAN RIGHTS COMMISSION
 MINORITY AFFAIRS
 MANAGEMENT & BUDGETS
 PERSONNEL
 PHYSICALLY CHALLENGED



KEY: BY FUNCTIONAL AREA
 I - GENERAL ADMINISTRATIVE AGENCIES
 II - PUBLIC PROTECTION AGENCIES
 III - SOCIAL SERVICES AGENCIES
 IV - HEALTH SERVICES
 V - EDUCATIONAL AGENCIES
 VI - PUBLIC WORKS AND RECREATIONAL AGENCIES
 VII - OVERSIGHT AUTHORITY

* Offices Elected by Voters of Nassau County
 ** Discretely Presented Component Unit. See Note 1 of Notes to Combined Financial Statements
 *** Blended Component Unit. See Note 1 of Notes to Combined Financial Statements.
 **** Department of General Services performs a general administrative function within the General Fund, but was consolidated within the Department of Recreation and Parks in fiscal year 2001.

PART II

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Thomas R. Suozzi, County Executive
and Members of the County Legislature
County of Nassau, New York

We have audited the accompanying general purpose financial statements of the County of Nassau, New York, (the "County"), as of December 31, 2001, and for the year then ended (with the Nassau Community College for the year ended August 31, 2001), listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the County of Nassau, New York. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Nassau Regional Off-Track Betting Corporation, the Nassau County Industrial Development Agency, and the Nassau Health Care Corporation, all discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. The financial statements of the Nassau Regional Off-Track Betting Corporation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, such general purpose financial statements present fairly, in all material respects, the financial position of the County of Nassau, New York, at December 31, 2001 with the Nassau Community College at August 31, 2001, the result of its operations for the year ended December 31, 2001 with the Nassau Community College at August 31, 2001 and the cash flows of the discretely presented component units for the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

The accompanying general purpose financial statements have been prepared assuming that the County will continue as a going concern. As discussed in Notes 13 and 18, in recent years the County has experienced severe financial difficulties including substantial recurring operating deficits and deterioration of access to the public credit market. The County management's plans with regard to these matters are also described in Note 18. The general purpose financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the County of Nassau, New York, taken as a whole. The accompanying combining and individual fund and account group financial statements and schedules listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the County of Nassau, New York. These financial statements and schedules are also the responsibility of the management of the County of Nassau, New York. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, based upon our audit and the reports of other auditors, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

The statistical data is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the County of Nassau, New York. Such additional information has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2002, on our consideration of the County of Nassau's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte + Touche LLP

April 19, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

The combined statements presented in this section do not present data for individual funds, but rather report aggregated data for each of the fund types and account groups. This information is shown in columnar form captioned with generic fund type and account group titles. These combined statements provide an overview and broad perspective of the financial position and results of operations for the County as a whole in a standardized, generically labeled format.

EXHIBIT X-1

COUNTY OF NASSAU, NEW YORK

COMBINED BALANCE SHEET
 ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS
 DECEMBER 31, 2001 (WITH THE NASSAU COMMUNITY COLLEGE
 AT AUGUST 31, 2001) (Dollars in Thousands)

ASSETS AND OTHER DEBITS	Governmental Fund Types				Fiduciary Fund Type	Account Groups		(Memorandum Only)	Component Units	(Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service Funds	Agency	General Fixed Assets	General Long-Term Obligations	Primary Government Total		Reporting Entity Total
Cash	\$ 132,678	\$ 28,018	\$ 143,397	\$ 2	\$ 23,027	\$	\$	\$ 327,122	\$ 86,158	\$ 413,280
Investments (Note 2)	181,053	45,254	173,442	5,675				405,424	34,040	439,464
Assets Held by Trustee Under Bond Indenture									6,396	6,396
Investments - Tax Anticipation Notes (TAN) / Revenue Anticipation Notes (RAN)		340,070						340,070		340,070
Sales Tax Receivable		90,281						90,281		90,281
Interest Receivable		4	77					81		81
Inventories									2,223	2,223
Due from Other Governments (Note 3)	159,031	16,766	30,476					206,273	4,451	210,724
Less Allowance for Doubtful Accounts	(4,464)							(4,464)		(4,464)
Accounts Receivable	34,285							34,285	173,276	207,561
Less Allowance for Doubtful Accounts									(94,411)	(94,411)
Real Property Taxes Receivable	53,629							53,629		53,629
Less Allowance for Doubtful Accounts	(8,005)							(8,005)		(8,005)
Tax Real Estate Held for Sale (Note 4)	9,369							9,369		9,369
Tax Sale Certificates (Note 5)	5,085							5,085		5,085
Interfund Receivables (Note 6)	149,177	76,502	18,395	15,761	1,884			261,719		261,719
Due from Component Unit (Note 6)	12,277	43			60,065			72,385		72,385
Property, Plant and Equipment (Note 7)						1,767,480		1,767,480	494,976	2,262,456
Less Accumulated Depreciation									(231,126)	(231,126)
Leasehold Acquisition Costs									1,020	1,020
Less Accumulated Amortization									(680)	(680)
Assets Whose Use is Limited										
Investments For Capital Improvements Held By Trustee Under Bond Indenture									3,497	3,497
Board Designated Funds and Malpractice Self-Insurance									37,392	37,392
Other Assets	669	1,915			2,157			4,741	53,965	53,965
Deferred Bond Issuance Costs									3,274	8,015
Less Accumulated Amortization									14,929	14,929
Amount Available in Debt Service Fund							19,517	19,517	(2,098)	(2,098)
Amount to be Provided for General Long-Term Obligations (Notes 8 and 15)										19,517
							3,768,105	3,768,105		3,768,105
TOTAL ASSETS AND OTHER DEBITS	\$ 724,784	\$ 598,853	\$ 365,787	\$ 21,438	\$ 87,133	\$ 1,767,480	\$ 3,787,622	\$ 7,353,097	\$ 587,282	\$ 7,940,379

See accompanying notes to combined financial statements.

EXHIBIT X-1

COUNTY OF NASSAU, NEW YORK

COMBINED BALANCE SHEET
 ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS
 DECEMBER 31, 2001 (WITH THE NASSAU COMMUNITY COLLEGE
 AT AUGUST 31, 2001) (Dollars in Thousands) (Concluded)

LIABILITIES, FUND EQUITY AND OTHER CREDITS	Governmental Fund Types				Fiduciary Fund Type	Account Groups		(Memorandum Only)	Component Units	(Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service Funds	Agency	General Fixed Assets	General Long-Term Obligations	Primary Government Total		Reporting Entity Total
LIABILITIES:										
Accounts Payable	\$ 64,322	\$ 9,101	\$ 16,910	\$	\$ 254	\$	\$	\$ 90,587	\$ 47,164	\$ 137,751
Accrued Liabilities	88,891	24,011	51	11,317				124,270	11,775	136,045
Accrued Enterprise Fund Liability	1,975							1,975		1,975
Accrued Medical Assistance Liability	29,429							29,429		29,429
Bond Anticipation Notes Payable (Note 8)		340,070	125,895					465,965		465,965
Escrow Liability with State of New York	3,597							3,597		3,597
Tax Anticipation Notes Payable (Note 8)	159,150							159,150		159,150
Revenue Anticipation Notes Payable (Note 8)	180,920							180,920		180,920
Deferred Payroll							41,029	41,029		41,029
Deferred Revenue	43,447	20,739						64,186	18,586	82,772
Interfund Payables (Note 6)	58,504	123,627	42,954		36,634			261,719		261,719
Due to Primary Government (Note 6)									10,973	10,973
Due to Component Units (Note 6)		11								11
Other Liabilities	117				50,245			50,362	42,701	93,063
Serial Bonds Payable (Notes 8 and 9)							2,759,834	2,759,834	338,807	3,098,641
State Revolving Fund Loan			2,696					2,696		2,696
Accrued Vacation and Sick Pay (Note 8 and 15)							423,994	423,994	42,586	466,580
Estimated Malpractice Liability (Notes 8 and 15)							15,265	15,265		15,265
Estimated Tax Certiorari Payable (Notes 8 and 15)							400,000	400,000		400,000
Estimated Liability for Litigation (Notes 8 and 15)							147,500	147,500	2,500	150,000
Total Liabilities	630,352	517,559	188,506	11,317	87,133		3,787,622	5,222,489	515,092	5,737,581
FUND EQUITY AND OTHER CREDITS:										
Investment in General Fixed Assets (Note 7)						1,767,480		1,767,480		1,767,480
Retained Earnings (Accumulated Deficit):										
Reserved for Capital Improvements									7,837	7,837
Unreserved									(6,408)	(6,408)
Fund Balances (Deficit):										
Reserved for Retirement of Temporary Financing			16,718					16,718		16,718
Reserved for State Revolving Fund			13,647					13,647		13,647
Reserved for Encumbrances	66,907	90,753	120,602					278,262		278,262
Restricted by Community College									87,159	87,159
Unreserved and Designated for Ensuing Year's Budget (Note 12)	18,000	9,819						27,819		27,819
Unreserved (Note 13)	9,525	(19,278)	26,314	10,121				26,682	(16,398)	10,284
Total Fund Equity and Other Credits	94,432	81,294	177,281	10,121	-	1,767,480	-	2,130,608	72,190	2,202,798
Commitments and Contingencies (Note 15)										
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 724,784	\$ 598,853	\$ 365,787	\$ 21,438	\$ 87,133	\$ 1,767,480	\$ 3,787,622	\$ 7,353,097	\$ 587,282	\$ 7,940,379

See accompanying notes to combined financial statements.

EXHIBIT X-2

COUNTY OF NASSAU, NEW YORK

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001
(Dollars in Thousands) (Continued)**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service Funds</u>	<u>Total (Memorandum Only)</u>
REVENUES:					
Interest and Penalties on Taxes	\$ 19,014	\$	\$	\$	\$ 19,014
Unrealized Gain on Investments				18	18
Licenses and Permits	4,276				4,276
Fines and Forfeits	11,802				11,802
Interest, Rents and Recoveries	49,387	6,481	18,109	207	74,184
Departmental Revenue	127,275	36,561			163,836
Interdepartmental Revenue	101,196	2,623			103,819
Federal Aid	102,767	54,308	13,518		170,593
State Aid	189,917	62,108	6,932		258,957
State Aid from NIFA		25,167			25,167
Sales Tax	762,966	22,128			785,094
Preempted Sales Tax in Lieu of Property Taxes	43,717				43,717
Property Taxes	145,100	561,484			706,584
Payments in Lieu of Taxes	3,450				3,450
Special Taxes	8,259				8,259
Other Revenues	1,635	10,827	961		13,423
Total Revenues	<u>1,570,761</u>	<u>781,687</u>	<u>39,520</u>	<u>225</u>	<u>2,392,193</u>
EXPENDITURES:					
Current:					
Legislative	5,643				5,643
Judicial	45,752	477			46,229
General Administration	179,530	35,139			214,669
Protection of Persons	10,088	551,881			561,969
Health	162,353	40,888			203,241
Public Works	44,039	68,964			113,003
Recreation and Parks	3	58,639			58,642
Social Services	518,640	3,129			521,769
Corrections	171,555	344			171,899
Education	4,779	803			5,582
Payments for Tax Certiorari and Other Judgements	175,474				175,474
Other	94,840				94,840
Total Current	<u>1,412,696</u>	<u>760,264</u>			<u>2,172,960</u>

COUNTY OF NASSAU, NEW YORK

EXHIBIT X-2

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2001
 (Dollars in Thousands) (Concluded)

	General	Special Revenue	Capital Projects	Debt Service Funds	Total (Memorandum Only)
EXPENDITURES: (continued)					
Capital Outlay	\$	\$	\$ 246,968	\$	\$ 246,968
Debt Service:					
Principal				186,383	186,383
Interest				178,892	178,892
Expense of Loans	1,421	86			1,507
Total Debt Service	1,421	86		365,275	366,782
Total Expenditures	1,414,117	760,350	246,968	365,275	2,786,710
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	156,644	21,337	(207,448)	(365,050)	(394,517)
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	12,237	152,898		325,698	490,833
Transfers In - Component Unit	18,037				18,037
Operating Transfer In from NIFA	79,798		65,559		145,357
Operating Transfers In of Investment Income	11,783	1,350			13,133
Operating Transfers Out	(371,995)	(128,954)	(363,359)	(130)	(864,438)
Transfers Out - Component Unit	(93)				(93)
Operating Transfers to RAN Withholding Account		(2,812)			(2,812)
Payments to Refunded Bond Escrow Agent	(90,426)				(90,426)
Operating Transfers Out of Investment Income			(13,133)		(13,133)
Proceeds from Borrowings			181,480		181,480
Proceeds from NIFA - Tax Certiorari and Other Judgement Borrowings	186,102				186,102
Other Sources		2,216	340		2,556
Total Other Financing Sources (Uses)	(154,557)	24,698	(129,113)	325,568	66,596
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	2,087	46,035	(336,561)	(39,482)	(327,921)
TOTAL FUND BALANCES AT BEGINNING OF YEAR	92,345	35,259	513,842	49,603	691,049
TOTAL FUND BALANCES AT END OF YEAR	\$ 94,432	\$ 81,294	\$ 177,281	\$ 10,121	\$ 363,128

See accompanying notes to combined financial statements.

EXHIBIT X-3

COUNTY OF NASSAU, NEW YORK

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 GENERAL AND BUDGETED SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands) (Continued)

	GENERAL FUND					BUDGETED SPECIAL REVENUE FUNDS				
	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:										
Interest and Penalties on Taxes	\$ 13,920	\$ 19,014	\$	\$ 19,014	\$ 5,094	\$	\$	\$	\$	\$
Licenses and Permits	4,254	4,276		4,276	22					
Fines and Forfeits	12,245	11,802		11,802	(443)					
Interest, Rents and Recoveries	51,158	49,387		49,387	(1,771)	1,739	1,172	1,172	(567)	
Departmental Revenue	130,325	127,275		127,275	(3,050)	36,662	34,842	34,842	(1,820)	
Interdepartmental Revenue	103,889	101,196		101,196	(2,693)	693	1,524	1,524	831	
Federal Aid	123,766	102,767		102,767	(20,999)	7,464	7,491	7,491	27	
State Aid	210,092	189,917		189,917	(20,175)	10,325	10,175	10,175	(150)	
Sales Tax	766,389	762,966		762,966	(3,423)					
Preempted Sales Tax in Lieu of										
Property Taxes	49,371	43,717		43,717	(5,654)					
Property Taxes	144,458	145,100		145,100	642	561,484	561,484	561,484		
Payments in Lieu of Taxes	2,625	3,450		3,450	825					
Special Taxes	12,978	8,259		8,259	(4,719)					
Other Revenues	10,554	1,635		1,635	(8,919)	11,704	10,827	10,827	(877)	
Total Revenues	1,636,024	1,570,761		1,570,761	(65,263)	630,071	627,515	627,515	(2,556)	
Expenditures:										
Current:										
Legislative	6,171	5,643	90	5,733	438					
Judicial	47,060	45,752	431	46,183	877					
General Administration	202,111	179,530	18,129	197,659	4,452					
Protection of Persons	10,928	10,088	99	10,187	741	552,160	545,464	5,870	551,334	826
Health	182,749	162,353	13,540	175,893	6,856					
Public Works	47,718	44,039	1,221	45,260	2,458	86,601	68,789	9,958	78,747	7,854
Recreation and Parks	49	3	16	19	30	63,726	58,295	1,073	59,368	4,358
Social Services	562,825	518,640	28,099	546,739	16,086					
Corrections	176,379	171,555	3,050	174,605	1,774					
Education	4,959	4,779	180	4,959						
Payments for Tax Certiorari and										
Other Judgements		175,474	(175,474)							
Other	97,004	94,840	1,850	96,690	314					
Total Current	\$ 1,337,953	\$ 1,412,696	\$ (108,769)	\$ 1,303,927	\$ 34,026	\$ 702,487	\$ 672,548	\$ 16,901	\$ 689,449	\$ 13,038

EXHIBIT X-3

COUNTY OF NASSAU, NEW YORK

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 GENERAL AND BUDGETED SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands) (Concluded)

	GENERAL FUND					BUDGETED SPECIAL REVENUE FUNDS				
	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion (Note 12)	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Debt Service:										
Principal	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Interest			-			4,878				4,878
Expense of Loans	3,182	1,421	202	1,623	1,559	5,478				5,478
Total Debt Service	3,182	1,421	202	1,623	1,559					
Total Expenditures	1,341,135	1,414,117	(108,567)	1,305,550	35,585	712,843	672,548	16,901	689,449	10,356
Excess (Deficiency) of Revenues Over (Under) Expenditures	294,889	156,644	108,567	265,211	(29,678)	(82,772)	(45,033)	(16,901)	(61,934)	20,838
Other Financing Sources (Uses):										
Operating Transfers In		12,237		12,237	12,237	142,720	152,506		152,506	9,786
Transfers In - Component Unit	13,000	18,037		18,037	5,037					
Operating Transfer In from NIFA		79,798	(79,798)							
Operating Transfers In of Investment Income	7,250	11,783		11,783	4,533	692	1,350		1,350	658
Operating Transfers Out	(371,995)	(371,995)		(371,995)		(78,083)	(78,083)		(78,083)	
Transfers Out - Component Unit	(93)	(93)		(93)						
Payments to Refunded Bond Escrow Agent		(90,426)	90,426							
Proceeds from NIFA Tax Certiorari and Other Judgement Borrowings		186,102	(186,102)							
Total Other Financing Sources (Uses)	(351,838)	(154,557)	(175,474)	(330,031)	21,807	65,329	75,773		75,773	10,444
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(56,949)	2,087	(66,907)	(64,820)	(7,871)	(17,443)	30,740	(16,901)	13,839	31,282
Fund Balances at Beginning of Year	56,949	92,345		92,345	35,396	17,443	28,550		28,550	11,107
Fund Balances (Deficits) at End of Year	\$ -	\$ 94,432	\$ (66,907)	\$ 27,525	\$ 27,525	\$ -	\$ 59,290	\$ (16,901)	\$ 42,389	\$ 42,389

See accompanying notes to combined financial statements.

EXHIBIT X-4

COUNTY OF NASSAU, NEW YORK

COMBINING BALANCE SHEET

ALL DISCRETELY PRESENTED COMPONENT UNITS

DECEMBER 31, 2001 (WITH THE NASSAU COMMUNITY COLLEGE AUGUST 31, 2001)

(Dollars in Thousands)

ASSETS	Nassau Community College	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
Cash	\$ 5,904	\$ 69,850	\$ 9,462	\$ 942	\$ 86,158
Investments	34,040				34,040
Assets Held By Trustee under Bond Indenture	6,396				6,396
Due from Other Governments	4,451				4,451
Accounts Receivable	4,257	168,766	226	27	173,276
Less Allowance for Doubtful Accounts	(1,203)	(93,208)			(94,411)
Inventories		2,223			2,223
Property, Plant and Equipment	153,662	331,913	9,375	26	494,976
Less Accumulated Depreciation		(225,853)	(5,251)	(22)	(231,126)
Leasehold Acquisition Costs			1,020		1,020
Less Accumulated Amortization			(680)		(680)
Assets Whose Use Is Limited:					
Investments For Capital Improvements		3,497			3,497
Held By Trustee Under Bond Indenture		37,392			37,392
Board Designated Funds and Malpractice					
Self-Insurance		53,965			53,965
Other Assets		2,250	1,024		3,274
Deferred Bond Issuance Costs	2,515	12,414			14,929
Less Accumulated Amortization	(656)	(1,442)			(2,098)
TOTAL ASSETS	\$ 209,366	\$ 361,767	\$ 15,176	\$ 973	\$ 587,282
LIABILITIES, FUND EQUITY AND OTHER CREDITS					
Liabilities:					
Accounts Payable	\$ 663	\$ 45,058	\$ 1,436	\$ 7	\$ 47,164
Accrued Liabilities	4,977	5,177	1,621		11,775
Deferred Revenue	12,052	6,518		16	18,586
Due To Primary Government	6,240		4,733		10,973
Other Liabilities	4,053	37,175	1,473		42,701
Estimated Liability for Litigation	2,500				2,500
Accrued Vacation and Sick Pay	27,031	14,132	1,423		42,586
Serial Bonds Payable	81,089	257,718			338,807
Total Liabilities	138,605	365,778	10,686	23	515,092
Fund Equity and Other Credits:					
Retained Earnings (Deficits):					
Reserved for Capital Improvements		3,497	4,340		7,837
Unreserved		(7,508)	150	950	(6,408)
Fund Balances:					
Restricted	87,159				87,159
Unreserved	(16,398)				(16,398)
Total Fund Equity (Deficit) and Other Credits	70,761	(4,011)	4,490	950	72,190
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 209,366	\$ 361,767	\$ 15,176	\$ 973	\$ 587,282

See accompanying notes to combined financial statements.

COUNTY OF NASSAU, NEW YORK

EXHIBIT X-5

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN UNRESERVED RETAINED EARNINGS
 DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
 FOR THE YEAR ENDED DECEMBER 31, 2001
 (Dollars in Thousands)

	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
Operating Revenues:				
Net Patient Revenue	\$ 410,154	\$	\$	\$ 410,154
Fee Income		61,712	320	62,032
Other	18,067	1,789	1	19,857
Total Operating Revenues	428,221	63,501	321	492,043
Operating Expenses:				
Salaries	241,280	8,889	93	250,262
Fringe Benefits	46,361	3,271	7	49,639
Supplies and Other Expenses	109,098	8,498	534	118,130
Provision For Bad Debts	53,139			53,139
Interest	14,680			14,680
Depreciation and Amortization	11,929	652	3	12,584
Total Operating Expenses	476,487	21,310	637	498,434
Income (Loss) from Operations	(48,266)	42,191	(316)	(6,391)
Non-Operating Revenues:				
Investment Income	6,373	863		7,236
Proceeds From Capital Improvements Surcharge		1,201	40	1,241
Other	405			405
Total Non-Operating Revenues	6,778	2,064	40	8,882
Non-Operating Expenses:				
Distributions to Profit Participants		(25,972)		(25,972)
Income (Loss) Before Operating Transfers	(41,488)	18,283	(276)	(23,481)
Operating Transfers:				
Operating Transfers In - Primary Government			93	93
Operating Transfers Out - Primary Government		(18,037)		(18,037)
Total Operating Transfers		(18,037)	93	(17,944)
Income (Loss) After Operating Transfers	(41,488)	246	(183)	(41,425)
Retained Earnings - Unreserved/Restricted at Beginning of Year	37,477	4,244	1,133	42,854
Retained Earnings (Deficit) - Unreserved/Restricted at End of Year	\$ (4,011)	\$ 4,490	\$ 950	\$ 1,429

See accompanying notes to combined financial statements.

EXHIBIT X-6

COUNTY OF NASSAU, NEW YORK

COMBINING STATEMENT OF CASH FLOWS
DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY
FOR THE YEAR ENDED DECEMBER 31, 2001
(Dollars in Thousands)

	Nassau Health Care Corporation	Nassau Regional Off-Track Betting Corp.	Nassau County Industrial Development Agency	Total
Cash Flows from Operating Activities:				
Cash Received from Providing Services	\$ 357,617	\$ 61,804	\$ 331	\$ 419,752
Other Operating Revenues	19,383	1,789	1	21,173
Cash Payments for Contractual Services	(74,805)	(9,356)	(536)	(84,697)
Cash Payments for Personal Services and Benefits	(279,301)	(12,435)	(93)	(291,829)
Net Cash Provided (Used) by Operating Activities	22,894	41,802	(297)	64,399
Cash Flows from Non-Capital and Related Financing Activities:				
Transfers From Primary Government			93	93
Transfers to Primary Government		(17,203)		(17,203)
Distributions to Profit Participants		(25,972)		(25,972)
Cash Paid for Interest	(9,363)			(9,363)
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	(9,363)	(43,175)	93	(52,445)
Cash Flows from Capital and Related Financing Activities:				
Purchase of Property and Equipment	(16,643)	(882)		(17,525)
Proceeds from Capital Improvement Surcharge		1,201		1,201
Proceeds From Disposal of Fixed Assets		10		10
Cash Paid for Interest	(4,770)			(4,770)
Net Cash Provided (Used) by Capital and Related Financing Activities	(21,413)	329		(21,084)
Cash Flows from Investing Activities:				
Interest on Investments		863	46	909
Net Purchases of Assets Whose Use is Limited	(23,967)			(23,967)
Net Cash Provided (Used) by Investing Activities	(23,967)	863	46	(23,058)
Net Decrease in Cash and Cash Equivalents	(31,849)	(181)	(158)	(32,188)
Cash and Cash Equivalents at Beginning of Year	101,699	9,643	1,100	112,442
Cash and Cash Equivalents at End of Year	\$ 69,850	\$ 9,462	\$ 942	\$ 80,254
Reconciliation of Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:				
Income (Loss) from Operations	\$ (48,266)	\$ 42,191	\$ (316)	\$ (6,391)
Adjustments to Reconcile Income (Loss) from Operations to Net Cash Provided (Used) by Operating Activities:				
Interest Paid	14,133			14,133
Provision For Bad Debts	53,139			53,139
Depreciation and Amortization	12,115	652	3	12,770
Interest Income	405			405
Fees Receivable			(5)	(5)
Gain on Disposal of Fixed Assets		(7)		(7)
Increase in Assets Other than Cash and Cash Equivalents	(54,213)	(222)	1	(54,434)
Increase in Liabilities	45,581	(812)	20	44,789
Total Adjustments	71,160	(389)	19	70,790
Net Cash Provided (Used) by Operating Activities	\$ 22,894	\$ 41,802	\$ (297)	\$ 64,399

See accompanying notes to combined financial statements.

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
 NASSAU COMMUNITY COLLEGE
 FOR THE YEAR ENDED AUGUST 31, 2001
 (Dollars in Thousands)

	Current Funds		Total
	Unrestricted	Restricted	
REVENUES:			
Student tuition and fees	\$ 45,729	\$	\$ 45,729
Governmental appropriations:			
County of Nassau	38,039		38,039
State of New York	36,428		36,428
Revenue in lieu of local sponsor share - charges to other counties	8,754		8,754
Federal grants and contracts		10,637	10,637
State grants and contracts		564	564
Private gifts, grants and contracts	441		441
Investment income	1,194		1,194
Other sources	2,943		2,943
Total Revenues	133,528	11,201	144,729
EDUCATION AND GENERAL EXPENDITURES:			
Instruction	75,830	617	76,447
Public service	150		150
Academic support	5,853	12	5,865
Student services	10,654	256	10,910
Operation and maintenance of plant	18,683		18,683
Institutional support	22,557		22,557
Scholarships and fellowships	29	10,316	10,345
Total Educational and General Expenditures	133,756	11,201	144,957
Subtotal - excess expenditures over revenues	(228)		(228)
Transfers and other changes (Note 15)	3,790		3,790
NET DECREASE IN FUND BALANCES	\$ 3,562	\$ -	\$ 3,562

See accompanying notes to combined financial statements.

EXHIBIT X-8

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CHANGES IN FUND BALANCES (DEFICIT)
 NASSAU COMMUNITY COLLEGE
 FOR THE YEAR ENDED AUGUST 31, 2001
 (Dollars in Thousands)

	Current Funds		Loan Fund	Plant Funds		Total All Funds
	Unrestricted	Restricted		Unexpended	Net Investment in Plant	
REVENUES AND OTHER ADDITIONS:						
Unrestricted current fund revenue	\$ 133,528	\$	\$	\$	\$	\$ 133,528
Federal grants and contracts		10,637				10,637
State and local grants and contracts		564				564
Investment income			18	408		426
Expended for plant facilities					606	606
Retirement of indebtedness					5,605	5,605
Capital appropriations from County and State				10,318		10,318
Total Revenue and Other Additions	133,528	11,201	18	10,726	6,211	161,684
EXPENDITURES AND OTHER DEDUCTIONS:						
Educational and general expenditures	133,756	11,201				144,957
Loan cancellations, administrative expenses and provision for doubtful accounts			112			112
Expended for plant facilities				606		606
Retirement of indebtedness				5,605		5,605
Interest on indebtedness				4,188		4,188
Amortization of deferred financing costs				87		87
Total Expenditures and Other Deductions	133,756	11,201	112	10,486		155,555
Subtotal	(228)		(94)	240	6,211	6,129
Transfers and other changes (note 15)	3,790					3,790
NET INCREASE (DECREASE) IN NET ASSETS	3,562		(94)	240	6,211	9,919
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	(19,960)	\$	872	13,569	66,361	60,842
FUND BALANCES (DEFICIT), END OF YEAR	\$ (16,398)	\$ -	\$ 778	\$ 13,809	\$ 72,572	\$ 70,761

See accompanying notes to combined financial statements.

COUNTY OF NASSAU, NEW YORK

NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The County of Nassau (the "county"), incorporated in 1899, contains three towns, two cities and 64 incorporated villages. In conformance with the Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, these financial statements present the county (the primary government) which includes all funds, account groups, elected offices, departments and agencies of the county, as well as boards and commissions, since the county is financially accountable for these and its legally separate component units. A primary government is financially accountable for a component unit if its officials appoint a voting majority of the organization's governing body, and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, or the organization is fiscally dependent upon the primary government as defined by GASB No. 14. The Nassau County Interim Finance Authority (NIFA) is included, because exclusion would be misleading.

Discretely Presented Component Units - The component unit's column in the combined financial statements includes financial data of the county's component units that are not part of the primary government. The following are discretely reported in a separate column to emphasize that they are legally separate from the county.

- (a) *The Nassau Community College* (the "College") provides educational services under New York State Education Law. It is reported as a component unit - governmental as the county appoints its governing body, the county approves its budget, issues debt for College purposes and provides approximately 29% of the College's revenues through a countywide real property tax levy. The College has authority to enter into contracts under New York State Education Law and to sue and be sued. The College is presented in accordance with policies prescribed by the Governmental Accounting Standards Board ("GASB"), using the reporting model recognized by the American Institute of Certified Public Accountants ("AICPA") Industry Audit Guide, *Audits of Colleges and Universities* (AICPA College Guide model), in accordance with the New York State Education Law. Therefore, the College is discretely presented. This component unit is presented as of and for its fiscal year ended August 31, 2001.
- (b) *Nassau Health Care Corporation* (the "NHCC") is a public benefit corporation created in 1997 by an act of the New York State Legislature for the purpose of acquiring and operating the health facilities of Nassau County, State of New York. Effective September 29, 1999 (the "Transfer Date"), a transaction was executed which transferred ownership of the county health facilities to the NHCC. Concurrent with the transaction, \$259.7 million of Nassau Health Care Corporation Health System Revenue Bonds, Series 1999 were issued. The bonds are insured and guaranteed by the county. NHCC is fiscally dependent on the county should certain NHCC debt service reserve funds fall below their requirements. NHCC is considered to be a component unit of the county and is presented as a proprietary type component unit on the accrual basis of accounting.

**NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board of the NHCC consists of fifteen voting and three nonvoting Directors. Eight voting Directors are appointed by the Governor, four by the County Legislature and three by the County Executive. The nonvoting Directors are the Chief Executive Officer of NHCC, one individual appointed by the County Executive and one individual appointed by the County Legislature. The directors serve varying initial terms of two to four years and will serve five-year terms after the expiration of the initial terms. The County Executive selects one of the voting directors as Chairman of the Board.

- (c) The Nassau Regional Off-Track Betting Corporation (the "OTB") was created by the New York State Legislature as a public benefit corporation. It is reported as a component unit as the County Legislature appoints its governing body and receives 4.375% of wagers made at Nassau County racetracks and all net operating profits from OTB. These revenues are recorded in the county's General Fund. The OTB is shown as a proprietary type component unit, and is presented on the accrual basis of accounting for its fiscal year ended December 31, 2001.
- (d) The Nassau County Industrial Development Agency (the "NCIDA") is a public benefit corporation established pursuant to the New York State General Municipal Law. The NCIDA's purpose is to arrange long-term low interest financing with the intent of developing commerce and industry in the county. It is reported as a component unit as the county appoints its governing body and may remove the NCIDA board at will. The county provides support to the NCIDA in the form of employees and facilities. Support expenditures are included in the county's General Fund under personal services. The NCIDA has sole authority for establishing administrative and fiscal policy in the pursuit of its objectives. The county is not liable for any obligations or deficits the NCIDA may incur, nor does it share in any surpluses. The NCIDA is shown as a proprietary type component unit and is presented on the accrual basis of accounting for its fiscal year ended December 31, 2001. During the year 2001, NCIDA changed its financial accounting and reporting to comply with Statements No. 33 and 34 of the Governmental Accounting Standards Board. Certain reclassifications were made to the NCIDA financial statements to conform to the county's presentation.

Blended Component Unit

- (e) Nassau County Interim Finance Authority ("NIFA") is included as a blended component unit of the county's primary government pursuant to GASB No. 14 because exclusion would be misleading. It acts as a temporary financial intermediary to the county and is authorized to act as an oversight authority to the county under certain circumstances. It reports using the governmental model and its funds and account group are reported as part of the county's special revenue funds, debt service funds, capital projects funds and general long-term obligations account groups.

NIFA is a corporate governmental agency and instrumentality of the State of New York (the "State") constituting a public benefit corporation created by the Nassau County Interim Finance Authority Act, Chapter 84 of the Laws of 2000, as supplemented by Chapter 179 of the Laws of 2000 and as may be amended from time to time (the "Act"). The Act became effective June 23, 2000.

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Unit (Continued)

NIFA is governed by seven directors, each appointed by the Governor, including one each appointed upon the recommendation of the Majority Leader of the State Senate, the Speaker of the Assembly and the State Comptroller. The Governor also designates the chairperson and vice-chairperson from among the directors.

NIFA has power under the Act to monitor and oversee the finances of Nassau County, and upon declaration of a "Control Period" as defined in the Act, additional oversight authority. NIFA is also empowered to issue its bonds and notes for various county purposes, defined in the Act as "Financeable Costs." The Act authorizes the issuance of bonds and notes, without limit, to finance capital projects and cash flow needs of the county, as well as, to the extent authorized by State law, any county deficit. In addition, NIFA may issue bonds up to the limits as currently set forth in the Act, exclusive of any bonds issued to finance reserves, capitalized interest or costs of issuing such obligations, to refinance the county's indebtedness (up to \$415,000,000) and tax certiorari judgments and settlements of the county (up to \$400,000,000 if the proceeding commenced before June 1, 2000 and up to \$100,000,000 in each ensuing county fiscal year 2001 to 2004, with respect to proceedings commenced on or after such date). The Act currently provides that the NIFA may not issue bonds after 2004, other than refunding bonds. No bond of the NIFA may mature later than January 31, 2036 or more than 30 years from its date of issuance.

Revenues of NIFA ("Revenues") consist of sales tax revenues, defined as net collections from sales and compensating use taxes, penalties and interest authorized by the State and imposed by the county on the sale and use of tangible personal property and services in the county ("Sales Tax Revenues"), and investment earnings on money and investments on deposit in various NIFA accounts. Sales Tax Revenues collected by the State Comptroller for transfer to the NIFA are not subject to appropriation by the State or county. Revenues of NIFA that are not required to pay debt service, operating expenses and other costs of NIFA are payable to the county as frequently as practicable.

Complete financial statements of the individual component units can be obtained from their respective administrative offices:

Nassau Community College
 One Education Drive
 Garden City, New York 11530

Nassau Regional Off-Track Betting Corp.
 220 Fulton Avenue
 Hempstead, New York 11550

Nassau County Industrial
 Development Agency
 1550 Franklin Avenue
 Mineola, New York 11501

Nassau Health Care
 Corporation
 2201 Hempstead Turnpike
 East Meadow, New York 11554

Nassau County Interim
 Finance Authority
 170 Old Country Road
 Suite 205
 Mineola, New York 11501

**NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In accordance with GASB Statement No.20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the county applies all applicable GASB pronouncements and only Financial Accounting Standards Board ("FASB") Statements and Interpretations issued on or before November 30, 1989 that do not conflict with GASB pronouncements.

The accounting policies of the County of Nassau conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governments. The following is a summary of the more significant policies:

A. BASIS OF PRESENTATION

The financial transactions of the county are recorded in individual funds and account groups. The various funds and account groups are reported by type in the financial statements. Amounts in the "Memorandum Only" columns in the combined financial statements represent a summation of the combined financial statement line items of the fund types and account groups and are presented only for analytical purposes. The summation includes fund types and account groups that use different bases of accounting. It also includes both restricted and unrestricted amounts, interfund transactions that have not been eliminated, and the caption "Amounts To Be Provided," which is not an asset. Consequently, amounts shown in the "Memorandum Only" columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenditures/expenses of the county.

The county uses the following fund categories, fund types, and account groups:

Governmental Funds:

General Fund - The general fund is the general operating fund of the county through which the county provides most countywide services. Its principal sources of revenue are the countywide real property tax, other local taxes and charges, departmental revenues, and Federal and State aid.

Special Revenue Funds - Special revenue funds are used to account for specific operations for which most of the revenue involved comes from restricted tax and non-tax sources directly related to services rendered.

Capital Projects Funds - Capital projects funds are established to account for the cost of capital construction throughout the county. Their principal sources of revenue are from the sale of bonds and from General Fund appropriations.

Debt Service Funds - The debt service fund is established to account for the payment of the principal of and interest on outstanding bonds and other long-term obligations of the County of Nassau.

NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. BASIS OF PRESENTATION (Continued)

Fiduciary Fund:

Agency Fund - The agency funds are used to account for resources received and held by the county as the agent for others. Use of this fund facilitates the discharge of responsibilities placed upon the county by law or other authority. Individual accounts are maintained for all other escrow-type and fiduciary accounts required by law or other authority in administering such monies received by the county.

Account Groups:

General Fixed Assets Account Group - This is a self-balancing account group provided for the purpose of recording the general fixed assets of the county. These assets are recorded at cost and no provision is made for depreciation.

General Long-Term Obligations Account Group - This is a self-balancing account group provided for the purpose of recording long-term liabilities of the county. General long-term obligations are not limited to liabilities evidenced by formal debt instruments such as bonds. They also include estimated liabilities arising from tax certiorari, judgments and claims, accumulated unpaid vacation and sick leave and deferred payroll. The NIFA Long-Term obligations are blended with the county's account group.

B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All discretely presented component units-proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Governmental funds are accounted for on the modified accrual basis of accounting. Governmental fund revenues are recognized in the accounting period in which they become susceptible to accrual (i.e., both measurable and available to finance expenditures of the fiscal period). Revenue items accrued are property taxes, sales taxes, and reimbursable amounts from Federal and State supported programs. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, with the following exceptions that are in conformity with

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)

accounting principles generally accepted in the United States of America: general long-term obligation principal and interest are reported only when due, vacation and sick leave when paid, pension costs when billed, and judgments and claims when settled. Estimates for unpaid vacation and sick leave, deferred payroll, pension costs, and judgments and claims are reported in the General Long-Term Obligations Account Group.

Discretely presented component units-proprietary funds are accounted for on the accrual basis of accounting. Their revenues are recognized in the period earned and expenses are recognized in the period incurred. Proprietary funds' unbilled services receivable are recognized as revenue.

The agency fund is accounted for on the modified accrual basis of accounting for the purpose of asset and liability recognition.

Transfers among funds are recognized in the accounting period in which the interfund receivable and payable arise.

Nassau Community College - Nassau Community College follows the AICPA College Guide model. The financial statements are prepared on the accrual basis, except for depreciation accounting with respect to plant facilities of the College. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period, as would a statement of income or a statement of revenues and expenses. Student financial assistance funded by Federal and state agencies for programs such as Pell, FSEOG and Federal Work Study is reported as an addition to the current restricted fund in the accompanying financial statements.

In order to ensure observance of limitations and restrictions placed on the use of available resources, the accounts are maintained in accordance with the principles of "fund accounting." This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that reflect their anticipated or required usage. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

Within each fund group, fund balances restricted by outside sources are distinguished from unrestricted funds. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing board retains full control as to use in achieving any of its institutional purposes.

Unrestricted revenue is accounted for in the unrestricted current fund. Restricted grants and contracts are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)

Loan funds consist of loans to students and of resources available for such purposes.

The plant fund consists of assets made available to the College by the county and the State of New York. Plant funds include resources and related debt that have been or are to be invested in property, plant and equipment, and funds, including capital appropriations from the county and the State, reserved to retire debt incurred to finance facilities.

The agency fund consists of funds held by the College as custodian or fiscal agent for others.

C. BUDGETS AND BUDGETARY ACCOUNTING

An appropriated budget is legally adopted for each fiscal year for the General Fund and each of the Special Revenue Funds, with the exception of NIFA and the Grant Fund. NIFA funds consist of sales tax revenues collected by the State Comptroller and transferred to the fund and are not subject to appropriation by the State or county. The Grant Funds are appropriated for the life of specific grants, not for annual fiscal periods. Accordingly, the Grant Funds are excluded from the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance presented for budgeted special revenue funds. The budget amounts as shown include prior year encumbrances carried forward as well as current year authorizations. In the case of the Grant Fund, an appropriated budget is legally adopted for the life of each grant as it is received. The County Legislature also authorizes and rescinds spending and financing authority in a Capital Budget. Each project authorized has continuing budget authority until the project is completed or rescinded. All appropriated budgets are adopted by ordinance of the County Legislature on the same modified accrual basis of accounting used to report revenues and expenditures except that appropriations are not provided for certain interfund indirect costs and debt service charges, and encumbrances are treated as charges to appropriations when incurred. All supplemental appropriations amending appropriated budgets as originally adopted are also provided by ordinance of the Legislature. During the fiscal year ended December 31, 2001, supplemental appropriations for the General Fund and for the Special Revenue Funds and appropriation budgets for the Grant Fund were adopted and are included in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budgeted Funds as follows (dollars in thousands):

Supplemental Appropriations:	
General Fund	\$ 25,134
County Parks & Recreation Fund	212
Fire Commission Fund	971
Police District	8,904
Police Headquarters	<u>11,348</u>
Total supplemental appropriations	\$ 46,569
Grant Fund appropriated budgets	<u>168,736</u>
Total supplemental appropriations and Grant Fund appropriated budgets	<u>\$ 215,305</u>

NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

Appropriations which have not been expended or encumbered by the end of the fiscal period lapse at that time.

The county follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The proposed budget must be presented to the County Legislature and NIFA not later than September 15. (For the College, the proposed budget is submitted on or before the second Monday in July for the fiscal year commencing the following September 1.) The appropriated budgets include proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Budgets must be adopted by the County Legislature no later than October 30 of the prior year. (For the College, the budget is legally enacted on or before the third Monday in August.)
4. The appropriated budget can be legally amended by the County Legislature subsequent to its initial adoption. Proposed amendments can be submitted by the County Executive to the Legislature at any time during the fiscal year. These proposed amendments are then voted on by the Legislature at the next available meeting. Amendments which are legally approved by the Legislature are immediately reflected in the operating appropriated budget.
5. Formal budgetary integration is employed as a management control device during the year for the governmental funds. The legal level of budgetary control is exercised at the object appropriation level within a departmental control center. The County Legislature must approve all transfers and supplemental appropriations at this level. However, for management control purposes, budgetary control is exercised by sub-object within each object appropriation level within a departmental control center. Management may transfer within the control center and object or between fiscal quarters without approval of the Legislature.

D. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds.

Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

**NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**E. CASH AND INVESTMENTS**

Cash includes amounts in demand deposits as well as short-term investments with original maturities of three months or less from the date acquired by the county.

Short-term investments consist principally of repurchase agreements with banks and investment brokers and have maturities of three months or less. Investments are carried at cost, which approximates market, and are fully collateralized in accordance with the New York State Local Finance Law.

The Authority also holds Nassau County Revenue Anticipation Notes, Series 2001A and 2001B (together, the "RANs") in the aggregate principal amount of \$180,920,000 and maturing in February and March 2002, respectively; and Nassau County Tax Anticipation Notes, Series 2001A, 2001B and 2001C (together, the "TANs"), in the aggregate principal amount of \$159,150,000 and maturing in April, August and November 2002, respectively. The RANs were sold to the Authority at private sale, in connection with the Authority's Series 2001A-1 Bond Anticipation Note issuance in July 2001. The TANs were sold to the Authority at private sale, in connection with the Authority's 2001B-2 Bond Anticipation Note issuance in December 2001. The RANs and TANs are not considered to be marketable securities for financial reporting purposes.

F. FIXED ASSETS

All fixed assets which are acquired or constructed for general governmental purposes are reported as expenditures in the fund that finances the asset acquisition and are capitalized in the General Fixed Assets Account Group if they meet the county's capitalization criteria. Real property acquired in 1984 and prior (except for infrastructure assets) is recorded at historical cost based on an appraisal performed in 1984. Real property acquired after 1984 is recorded at historical cost. Infrastructure assets (public domain assets such as roads, bridges, streets, sidewalks, curbs and gutters, drainage systems, lighting systems, and the like) are not included in the financial statements as general fixed assets of the county.

Equipment with a unit cost of \$5,000 or more is included in the financial statements as general fixed assets of the county. Equipment with a unit cost of \$200 or more is inventoried by the county for internal control purposes.

Donated fixed assets, if material, are stated at their fair market value as of the date of the donation.

Interest costs on constructed general fixed assets are generally capitalized during the period of construction.

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. DEPRECIATION

No depreciation is provided on general fixed assets of the county. Depreciation is recorded by the proprietary type entities, as follows:

Nassau Health Care Corporation - Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring these assets.

Nassau Regional Off-Track Betting Corporation - For capital improvement assets, depreciation and amortization is recorded over the assets' estimated useful lives using the straight-line method (4 to 20 years) and is charged directly against the assets. No charge to operations is recorded. For all other assets, depreciation and amortization are computed on the straight-line method and charged to operations over the assets' estimated useful lives (4 to 20 years). Leasehold improvements are amortized over their estimated useful lives, or the remaining term of the leases, exclusive of renewal options.

Nassau County Industrial Development Agency - Depreciation is calculated on the straight-line basis over an estimated useful life of five years, utilizing the half-year convention.

H. RESERVES

Portions of governmental fund equity are reserved for specific purposes, and are therefore not available as spendable resources.

I. ACCUMULATED UNPAID VACATION, SICK PAY, AND OTHER EMPLOYEE BENEFITS

County employees receive vacation time, sick leave, and other benefits pursuant to the labor contract or county ordinance covering their terms of employment. The cash value of these accumulated unpaid employee benefits and the related employer costs (e.g. Social Security) has been accrued in the General Long-Term Obligations Account Group for governmental funds. The compensated absences for the governmental funds are treated as long term as they will not be liquidated with expendable available financial resources. For those employees who have retired prior to December 31, 2001, any accumulated and unpaid benefits as of that date have been recorded in the General Long-Term Debt Group of Accounts.

J. GRANTS AND OTHER INTERGOVERNMENT REVENUES

Federal and State grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other Federal and State reimbursement type grants are recorded as intergovernmental receivables and revenues when the related expenditures or expenses are incurred.

**NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**K. REAL PROPERTY TAX**

County real property taxes are levied on or before the third Monday in December and recorded as a receivable on January 1, the first day of the fiscal year. They are collected in two semiannual installments, payable on January 1 and July 1 by the town and city receivers of taxes together with the town and city tax levies, all of which become a lien on January 1. At year-end, adjustments are made for taxes that are estimated to be uncollectible, or collectible but not available soon enough in the next year to finance current period expenditures. The town receivers of taxes likewise collect real property taxes for all school districts in the county, and return to the county after June 1 any uncollected school district taxes receivable. Pursuant to the Nassau County Administrative Code, the county assumes the burden of such uncollected taxes, and has the responsibility for their collection from the taxpayers.

The New York State constitutional limit of real property taxation for counties is set at two percent of the average full valuation of real estate for the five years preceding the current year for general government services other than the payment of principal and interest on its long-term debt. The constitutional tax limit controlling the levy of 2001 county real property taxes was \$2.288 billion. The constitutional tax margin was \$1.687 billion or approximately 74%.

Property tax revenue is recognized in the year for which it is levied provided that it is payable and collected before the current fiscal year-end, or within 60 days thereafter in order to be available to pay for liabilities of the current fiscal year. Property tax revenue not so available is presented as deferred revenue.

L. INTERFUND TRANSACTIONS

During the course of normal operations, the county has numerous transactions among funds, including transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers.

The General Fund provides administrative and other services to the Community College and certain funds. Amounts charged to the users for these services are based on the county's cost allocation plan and are treated as revenues in the General Fund and as expenditures or operating expenses in the user funds.

M. NOTES PAYABLE

Tax anticipation notes and revenue anticipation notes are generally recorded as fund liabilities in the fund receiving the proceeds. Bond anticipation notes are classified as fund liabilities in the funds receiving the proceeds unless all legal steps have been taken to refinance the notes and the intent is supported by an ability to consummate refinancing the short-term note on a long-term basis at which time they are recorded in the General Long-Term Obligations Account Group.

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. USE OF ESTIMATES

A number of estimates and assumptions relating to the reporting of revenues, expenditures, assets and liabilities and the disclosure of contingent liabilities were used to prepare these financial statements in conformity with GAAP. Actual results could differ from those estimates.

O. INVESTMENTS – TAX ANTICIPATION NOTES & REVENUE ANTICIPATION NOTES

Tax anticipation notes and revenue anticipation notes sold by the county to NIFA are recorded as an investment in the Special Revenue Fund and a liability in the General Fund.

2. DEPOSITS AND INVESTMENTS

In accordance with General Municipal Law of the State of New York, the county may invest in certificates of deposits, money market and time deposit accounts, repurchase agreements, obligations of the United States Government and obligations of the State of New York and its various municipal subdivisions.

Deposits - As required by law, all cash deposits and cash equivalents are required to be fully collateralized or insured. At December 31, 2001, the carrying amount of the county's deposits including certificates of deposit reported as investments was approximately \$329.0 million and the bank balance was \$297.3 million. The bank balance was covered by Federal depository insurance or by collateral consisting of obligations of the United States Government held by the county's agent in the county's name.

Investments - To the extent authorized by law, the county has invested in repurchase agreements and certificates of deposit with various commercial banks and investment firms as approved by the New York State Comptroller. Repurchase agreements and certificates of deposit are collateralized by obligations of the United States Government.

The investments at December 31, 2001 are categorized as either: (1) insured or registered, or securities held by the county's agent in the county's name; (2) uninsured and unregistered with securities held by the counterpart's trust department or agent in the county's name; or (3) uninsured and unregistered with securities held by the counter party, or by its trust department or agent but not in the county's name. At December 31, 2001, the carrying amount (fair value) of investments was \$405.4 million. These were repurchase agreements, treasury notes and certificates of deposit and were category 1.

Certain deposits and investments are pooled for cash management purposes in the Sewage Disposal District Maintenance Special Revenue Funds and in the Sewage Disposal District Capital Project Funds.

Interest earned in this manner is allocated to each fund based on its pro rata share of the total amount pooled by all the funds.

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

2. DEPOSITS AND INVESTMENTS (Continued)

The following table summarizes the county's unrestricted cash and investment position at December 31, 2001:

	<u>Total</u>	<u>Cash and Cash Equivalents</u>	
		<u>Investments</u>	<u>Investments</u>
(Dollars in Thousands)			
Cash	\$ 327,122	\$ 327,122	\$ -
Repurchase Agreements	397,921	-	397,921
Treasury Notes	5,675	-	5,675
Certificates of Deposits (Maturities less than 3 months)	<u>1,728</u>	<u>-</u>	<u>1,728</u>
Total Cash and Cash Equivalents	732,446	327,122	405,324
Certificates of Deposit (Maturities greater than 3 months)	<u>100</u>	<u>-</u>	<u>100</u>
Totals	<u>\$ 732,546</u>	<u>\$ 327,122</u>	<u>\$ 405,424</u>

Cash overdrafts are reflected as interfund receivables/payables as follows:

<u>Interfund Payable to</u>	<u>Total</u>	<u>Interfund Receivable from</u>	
		<u>Sewer Disposal District #3 Maintenance</u>	<u>Sewer Disposal District #3 Construction</u>
Sewer Disposal District #1 Maintenance	\$ 706,903	\$ 706,903	\$ -
Sewer Disposal District #2 Maintenance	17,048,716	17,048,716	-
Sewer Disposal District #1 Construction	954,660	-	954,660
Sewer Disposal District #2 Construction	<u>17,440,098</u>	<u>-</u>	<u>17,440,098</u>
Totals	<u>\$36,150,377</u>	<u>\$17,755,619</u>	<u>\$18,394,758</u>

For a complete schedule of interfund receivables/payables, see Note 6.

The county maintains a consolidated disbursement account with a financial institution on behalf of the College. At August 31, 2001, the College had a cash overdraft of \$2.2 million and the bank balance was \$899 thousand. The bank balance was covered by Federal depository insurance or by collateral consisting of obligations of the United States Government held by the county's agent in the county's name.

NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

2. DEPOSITS AND INVESTMENTS (Continued)

At August 31, 2001, the carrying amount (fair value) of the College's investments was \$34.0 million. These were repurchase agreements with maturities less than 3 months and were category 1.

At December 31, 2001, the carrying amount of deposits for the OTB, NHCC and NCIDA was \$9.4 million, \$126.3 and \$942 thousand, and the bank balance was \$10.2 million, \$127.1 million and \$942 thousand, respectively. The bank balances were covered by Federal depository insurance or by collateral consisting of obligations of the United States Government which for the OTB, NHCC and NCIDA are held by an independent trustee serving as the OTB's, NHCC's and NCIDA's agent in the name of the OTB, NHCC and NCIDA.

3. DUE FROM OTHER GOVERNMENTS

The account "Due From Other Governments" at December 31, 2001 represents aid, grants, and other amounts receivable from the State and Federal governments. The following summarizes such receivables by the following fund types (Dollars in Thousands):

Fund Type	Total	Federal	State/Other*
General	\$159,031	\$50,270	\$108,761
Special Revenue	16,766	134	16,632
Capital Projects	<u>30,476</u>	<u>12,302</u>	<u>18,174</u>
Totals	<u>\$206,273</u>	<u>\$62,706</u>	<u>\$143,567</u>

* Includes \$9,437 of sales taxes receivable

4. TAX REAL ESTATE

The account "Tax Real Estate" includes real property which the county has acquired through foreclosure proceedings. The property is valued at the amount of the delinquent tax liens which could not be sold at the public tax lien sale and which the county was required to retain.

Real property designated as Tax Real Estate is accounted for as an asset of the General Fund inasmuch as it is not being considered for use by the county at this time, but rather is available for sale to private bidders. Since any taxes unpaid to other funds from this property were paid to those funds by the General Fund, no portion of this asset is allocable to those other funds.

Certain real property which was acquired by the county as Tax Real Estate and subsequently designated for public use is currently not available for sale and is included as part of the General Fixed Assets Account Group.

NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

5. TAX SALE CERTIFICATES

The account "Tax Sale Certificates" includes the amount of delinquent real property tax liens which could not be sold at the public tax lien sale and which the county was required to retain. It also includes the value of tax sale certificates bought by the public at the tax lien sale which the county subsequently reacquired upon default of the purchaser.

6. RECONCILIATION OF INTERFUND AND COMPONENT UNIT RECEIVABLES AND PAYABLES

A. Interfund Receivables and Interfund Payables (dollars in thousands)

The individual fund interfund receivables as of December 31, 2001 are reconciled as follows:

	Interfund Receivables					Total
	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Fund	Agency Fund	
GENERAL FUND	\$ -	\$ 48,401	\$ -	\$ 10,103	\$ -	\$ 58,504
SPECIAL REVENUE FUNDS:						
Police District	7,213	3,541	-	-	-	10,754
Police Headquarters	-	51	-	-	-	51
Fire Prevention, Safety, Communication & Education	2,194	-	-	-	275	2,469
County Parks Fund	-	3	-	-	406	409
NCIFA General Fund	84,623	-	-	5,658	-	90,281
Sewage Disposal District #1 Maintenance	49	-	-	-	-	49
Sewage Disposal District #2 Maintenance	-	-	-	-	374	374
Sewage Disposal District #3 Maintenance Grant	-	17,744	-	-	825	18,569
	-	671	-	-	-	671
Total special revenue funds	94,079	22,010	-	5,658	1,880	123,627
CAPITAL PROJECTS FUNDS:						
Capital Projects	23,268	-	-	-	4	23,272
NCIFA Capital Project Fund	77	-	-	-	-	77
Sewage Disposal District #1 Construction	59	-	-	-	-	59
Sewage Disposal District #2 Construction	72	170	-	-	-	242
Sewage Disposal District #3 Construction	91	529	18,395	-	-	19,015
Sewage Collection Districts Construction	144	145	-	-	-	289
Total capital projects funds	23,711	844	18,395	-	4	42,954
AGENCY FUND	31,387	5,247	-	-	-	36,634
TOTAL INTERFUND RECEIVABLES	\$ 149,177	\$ 76,502	\$ 18,395	\$ 15,761	\$ 1,884	\$ 261,719

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

6. RECONCILIATION OF INTERFUND AND COMPONENT UNIT RECEIVABLES AND PAYABLES (Continued)

A. Interfund Receivables and Interfund Payables (dollars in thousands)

The individual fund interfund payables as of December 31, 2001 are reconciled as follows:

	<u>Interfund Payable</u>					<u>Total</u>
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>	<u>Agency Fund</u>	
GENERAL FUND	\$ -	\$ 94,079	\$ 23,711	\$ -	\$ 31,387	\$ 149,177
SPECIAL REVENUE FUNDS:						
Police District	-	483	-	-	3,386	3,869
Police Headquarters	5,348	3,729	-	-	995	10,072
Fire Prevention, Safety, Communication & Education	-	1	-	-	-	1
County Parks Fund	2,095	-	-	-	-	2,095
Sewage Disposal District #1 Maintenance	-	707	19	-	-	726
Sewage Disposal District #2 Maintenance	2,298	17,037	588	-	-	19,923
Sewage Disposal District #3 Maintenance	7,372	53	92	-	-	7,517
Sewage Collection District Maintenance	11,876	-	145	-	-	12,021
Technology	7,100	-	-	-	-	7,100
Grant	12,312	-	-	-	866	13,178
Total special revenue funds	<u>48,401</u>	<u>22,010</u>	<u>844</u>	<u>-</u>	<u>5,247</u>	<u>76,502</u>
CAPITAL PROJECTS FUNDS:						
Sewage Disposal District Construction #1	-	-	955	-	-	955
Sewage Disposal District Construction #2	-	-	17,440	-	-	17,440
Total capital projects funds	<u>-</u>	<u>-</u>	<u>18,395</u>	<u>-</u>	<u>-</u>	<u>18,395</u>
DEBT SERVICE FUND	10,103	5,658	-	-	-	15,761
AGENCY FUND	<u>-</u>	<u>1,880</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>1,884</u>
TOTAL INTERFUND PAYABLES	<u>\$ 58,504</u>	<u>\$ 123,627</u>	<u>\$ 42,954</u>	<u>\$ -</u>	<u>\$ 36,634</u>	<u>\$ 261,719</u>

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

6. RECONCILIATION OF INTERFUND AND COMPONENT UNIT RECEIVABLES AND PAYABLES (Continued)

B. Due from/Due to Primary Government and Component Units

The total amounts shown as Due to Primary Government and Due from/to Component Units at December 31, 2001 do not offset each other as they include accounts of the Nassau Community College at the end of their fiscal year on August 31, 2001. The following reconciles the December 31, 2001 amounts by carrying forward the Nassau Community College transactions affecting these accounts from September 1, 2001 through December 31, 2001.

	<u>Dollars in Thousands</u>
Due to Primary Government (Exhibit X-1)	\$ 10,973
Nassau Community College Transactions from September 1, 2001 to December 31, 2001:	
Increase in Due from General Fund	\$ 1,851
Increase in Due to Agency Fund	(210)
Increase in Capital Chargeback	<u>(337)</u>
Subtotals	<u>1,304</u>
Net Due From Component Units per Balance Sheet: (Exhibit X-1)	<u>\$ 12,277</u>

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

7. PROPERTY, PLANT AND EQUIPMENT

Activity for fixed assets excluding the Nassau Community College, which are capitalized by the county, is summarized below (dollars in thousands):

	<u>Balance, January 1, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, December 31, 2001</u>
General Fixed Assets:				
Land	\$ 103,663	\$ 550	\$ -	\$ 104,213
Land Improvements	50,396	2,896	-	53,292
Buildings	702,338	244,695	-	947,033
Equipment	291,528	156,990	679	447,839
Construction in Progress	447,918	18,570	251,385	215,103
Total Property, Plant and Equipment	<u>\$ 1,595,843</u>	<u>\$ 423,701</u>	<u>\$ 252,064</u>	<u>\$ 1,767,480</u>

Sources of funding of the general fixed assets at December 31, 2001 were as follows (dollars in thousands):

Long-term serial bonds	\$1,185,886
Temporary financing and bond anticipation notes	72,222
Federal grants	18,069
New York State grants	16,270
General Fund revenues	30,474
Special Revenue Funds revenues	94,530
Gifts	1,198
Acquisitions prior to December 31, 1985	<u>348,831</u>
Total General Fixed Assets Account Group	<u>\$1,767,480</u>

NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

General fixed assets of the county by function at December 31, 2001 were as follows (dollars in thousands):

Function	Land		Buildings	Equipment	Total
	Land	Improvement			
Legislative	\$ -	\$ -	\$ 2	\$ 87	\$ 89
Judicial	2,593	716	81,839	3,187	88,335
General Administration	-	-	12,905	58,828	71,733
Protection of Persons	9,114	190	41,034	61,656	111,994
Health	475	-	3,613	3,590	7,678
Public Works	10,797	742	377,600	55,878	445,017
Recreation and Parks	23,915	42,643	68,068	13,924	148,550
Social Services	545	2,642	18,600	1,654	23,441
Corrections	-	-	182,988	7,552	190,540
Other Expenditures/MSBA	-	-	26,409	101,483	127,892
Metropolitan Transportation Authority	-	-	-	140,000	140,000
Misc. Unclassified	56,774	6,359	133,975	-	197,108
Construction in Progress	-	-	-	-	215,103
Total General Fixed Assets	<u>\$ 104,213</u>	<u>\$ 53,292</u>	<u>\$ 947,033</u>	<u>\$ 447,839</u>	<u>\$ 1,767,480</u>

Nassau Community College fixed assets are capitalized as follows (dollars in thousands):

	Balance			Balance
	September 1, 2000	Additions	Deletions	August 31, 2001
Land	\$ 2,733	\$ -	\$ -	\$ 2,733
Land Improvements	454	110	-	564
Buildings	143,523	297	-	143,820
Equipment	5,923	186	858	5,251
Library	857	7	-	864
Construction in Progress	423	7	-	430
Total Property, Plant and Equipment	<u>\$ 153,913</u>	<u>\$ 607</u>	<u>\$ 858</u>	<u>\$ 153,662</u>

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Nassau Community College fixed assets by function at August 31, 2001 were as follows (dollars in thousands):

Function	<u>Land</u>	<u>Land Improvement</u>	<u>Buildings</u>	<u>Equipment/Books</u>	<u>Total</u>
College	\$ 2,733	\$ 564	\$ 143,820	\$ 5,251	\$152,368
Library	-	-	-	864	864
Construction in Progress	-	-	-	-	430
Total	<u>\$ 2,733</u>	<u>\$ 564</u>	<u>\$ 143,820</u>	<u>\$ 6,115</u>	<u>\$153,662</u>

Construction in Progress of the county and Nassau Community College at December 31, 2001 was as follows (dollars in thousands):

Protection of Persons:			
Fire Training Facility		\$ 10,480	
Police Department Facilities		<u>2,081</u>	\$ 12,561
Public Works:			
Bay Park Solids Handling Facility		53,867	
Cedar Creek Sewage Facility		69,234	
Inwood Sewage Treatment Plant		<u>9,816</u>	132,917
Recreation and Parks:			
Mitchel Park		18,695	
Museums - Aviation and African American		4,356	
Old Bethpage Village		<u>1,499</u>	
Subtotal			<u>24,550</u>
Major Construction in Progress			170,028
Other Construction in Progress			<u>45,505</u>
Total Construction in Progress			<u>\$ 215,533</u>

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

8. NOTES PAYABLE AND LONG-TERM OBLIGATIONS

County of Nassau Notes Payable

Governmental fund notes payable of the county, including the range of interest rates, issue dates, and maturity dates, are as follows (dollars in thousands):

	<u>Balance</u> <u>January 1,</u> <u>2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2001</u>
General Fund:				
Tax anticipation notes - (2.638% to 2.895% issued in 2001, maturity dates in 2002)	\$ 224,360	\$ 159,150	\$ 224,360	\$ 159,150
Revenue anticipation notes - (3.940% to 4.015% issued in 2001 maturity dates in 2002)	<u>245,000</u>	<u>180,920</u>	<u>245,000</u>	<u>180,920</u>
Total General Fund	<u>\$ 469,360</u>	<u>\$ 340,070</u>	<u>\$ 469,360</u>	<u>\$ 340,070</u>
Capital Projects Funds:				
State Revolving Fund Loan Sewage Collection Districts	<u>\$ 2,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,696</u>
Total Capital Projects Fund	<u>\$ 2,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,696</u>

NIFA Bond Anticipation Notes Payable

On July 11, 2001 the Authority issued \$180,920,000 Bond Anticipation Notes, Series 2001A-1 (the "2001A-1 Notes"). The Notes were issued to finance cash flow needs of Nassau County. On December 20, 2001 the Authority issued \$125,895,000 Bond Anticipation Notes, Series 2001B-1 (the "2001B-1 Notes") and \$159,150,000 Bond Anticipation Notes, Series 2001B-2 (the "2001B-2 Notes" and, together with the 2001B-1 Notes, the "2001B Notes"). The 2001B-1 Notes were issued to finance working capital needs of the county. The 2001B-2 Notes were issued to finance cash flow needs of Nassau County. Bond anticipation notes payable are recorded at the principal amount outstanding and consist of the following (dollars in thousands):

	<u>Issued</u>	<u>Balance at</u> <u>December 31,</u> <u>2001</u>
Bond Anticipation Notes, Series 2001A-1	<u>\$ 180,920</u>	<u>\$ 180,920</u>

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

8. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

NIFA Bond Anticipation Notes Payable (Continued)

The 2001A-1 Notes bear interest at the rate of 3.75% per annum, pay interest only at maturity, and mature in the following amounts (in thousands) at the following dates:

May 14, 2002	\$ 104,415
April 11, 2002	<u>76,505</u>
	<u>\$ 180,920</u>

	(Dollars in Thousands)	
	<u>Issued</u>	Balance at December 31, <u>2001</u>
Bond Anticipation Notes, Series 2001B-1	\$ 125,895	\$ 125,895
Series 2001B-2	<u>159,150</u>	<u>159,150</u>
	<u>\$ 285,045</u>	<u>\$ 285,045</u>

The 2001B Notes bear interest at the rate of 2.5% per annum, pay interest only at maturity, and mature in the following amounts (in thousands) at the following dates:

May 2, 2002 (2001B-2)	\$ 40,000
July 18, 2002 (2001B-1)	125,895
September 12, 2002 (2001B-2)	100,000
December 5, 2002 (2001B-2)	<u>19,150</u>
	<u>\$ 285,045</u>

The 2001A-1 Notes and the 2001B Notes are legally payable from the proceeds of future Authority bonds or renewal notes, and such future issuance has been authorized. However, the Authority is permitted to apply certain other funds to the repayment of the Notes, and plans to repay the 2001A-1 Notes and the 2001B-2 Notes as follows. Proceeds of the Authority's 2001A-1 Note sale were used to purchase the county RANs, which are in principal amounts and bear interest rates sufficient to provide, when due, all amounts payable on the Authority 2001A-1 Notes. Proceeds of the Authority's 2001B-2 Note sale were used to purchase the county TANs, which are in principal amounts and bear interest rates sufficient to provide, when due, all amounts payable on the Authority Series 2001B-2 Notes. The county will pay principal and interest on the RANs and TANs to the Trustee, which will use the funds to pay principal and interest on the 2001A-1 Notes and 2001B-2 Notes, respectively. The RANs and TANs are not pledged to the holders of the 2001A-1 Notes or the 2001B-2 Notes, but the Authority has covenanted that to the extent it receives payments on the RANs and TANs, respectively, it will apply such payments to the payment of the respective Authority bond anticipation notes.

It is anticipated the Series 2001B-1 Notes will be retired from proceeds of an Authority Bond issue or Authority renewal notes in 2002.

NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

8. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

Long - Term Obligations

Long-term obligations of the county and NIFA recorded in the General Long-Term Obligations Account Group, including the range of interest rates, issue dates, and maturity dates are as follows (dollars in thousands):

	<u>Balance January 1, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2001</u>
General Long-Term Obligations Account Group:				
Debt:				
General obligation County bonds - (2.90% to 11.50%, issued in 1970 through 2000, maturity dates 2002 through 2024)	\$ 2,021,526	\$ -	\$ 220,422	\$ 1,801,104
Sewage purpose bonds - (2.20% to 7.90%, issued in 1970 through 2000, maturity dates 2002 through 2020) - County	346,450	-	29,310	317,140
State Water Pollution Control Revolving Fund revenue bonds - (2.65% to 7.10%, issued in 1991 through 2000, maturity dates 2002 through 2019) - County	<u>225,570</u>	<u>-</u>	<u>20,180</u>	<u>205,390</u>
Total Serial Bonds - County	<u>2,593,546</u>	<u>-</u>	<u>269,912</u>	<u>2,323,634</u>
Sales Tax Secured Bonds, Series 2000A 4.50% to 5.625% Serial and term bonds due 2002 to 2020 - NIFA	254,720	-	-	254,720
Sales Tax Secured Bonds, Series 2001A 4% to 5.375% Serial and term bonds due 2002 to 2021 - NIFA	<u>-</u>	<u>181,480</u>	<u>-</u>	<u>181,480</u>
Total Serial Bonds - NIFA	<u>254,720</u>	<u>181,480</u>	<u>-</u>	<u>436,200</u>
Other:				
Deferred payroll	48,935	22,637	30,543	41,029
Accrued vacation and sick pay	394,139	66,641	36,786	423,994
Estimated tax certiorari payable	400,000	136,946	136,946	400,000
Estimated liability for litigation	147,500	10,722	10,722	147,500
Early retirement incentive payable	27,949	23,279	51,228	-
Estimated liability for malpractice claims	<u>20,240</u>	<u>5,747</u>	<u>10,722</u>	<u>15,265</u>
Total Other	<u>1,038,763</u>	<u>265,972</u>	<u>276,947</u>	<u>1,027,788</u>
Total General Long-term Obligations Account Group	<u>\$ 3,887,029</u>	<u>\$ 447,452</u>	<u>\$ 546,859</u>	<u>\$ 3,787,622</u>

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

8. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

Long – Term Obligations (Continued)

Revenues from the Special Revenue Sewer Funds will be utilized to finance the debt service for the Sewage purpose bonds and a portion of the State Water Pollution Control Revolving Fund revenue bonds. All other debt service will be financed by the General Fund.

The annual requirements and sources to amortize the county General Obligation serial bonds payable as of December 31, 2001 are as follows (dollars in thousands):

Year Ending	Debt Service Requirements			Sources		
	Principal	Interest	Total	General County Budgets	Sewage District Budgets	Total
2002	\$ 249,822	\$ 122,306	\$ 372,128	\$ 296,461	\$ 75,667	\$ 372,128
2003	235,702	109,249	344,951	272,727	72,224	344,951
2004	227,939	96,655	324,594	256,514	68,080	324,594
2005	197,938	84,345	282,283	217,699	64,584	282,283
2006	172,279	73,929	246,208	184,413	61,795	246,208
Thereafter	<u>1,239,954</u>	<u>349,425</u>	<u>1,589,379</u>	<u>1,232,135</u>	<u>357,244</u>	<u>1,589,379</u>
Total	<u>\$ 2,323,634</u>	<u>\$ 835,909</u>	<u>\$ 3,159,543</u>	<u>\$ 2,459,949</u>	<u>\$ 699,594</u>	<u>\$ 3,159,543</u>

The county’s constitutional debt margin was approximately \$7.9 billion and total long-term obligation bonds authorized but unissued for general county and sewage district purposes were approximately \$878.8 million at December 31, 2001.

NIFA Long-Term Debt

NIFA issued \$254,720,000 of Sales Tax Secured Bonds, Series 2000A (the “2000A Bonds”), on October 25, 2000 and \$181,480,000 of Sales Tax Secured Bonds, Series 2001A (the “2001A Bonds” and, together with the 2000A Bonds, the “Bonds”), on June 27, 2001. The Bonds were issued pursuant to an Indenture (the “Indenture”) between NIFA and the United States Trust Company of New York and its successor, The Bank of New York (the “Trustee”), under which NIFA has pledged its right, title and interest in the Revenues of NIFA to secure repayment of NIFA debt. The Act provides that NIFA’s pledge of its Revenues represents a perfected first security interest on behalf of holders of its bonds. The lien of the Indenture on the Revenues for the security of NIFA bonds is prior to all other liens thereon. NIFA does not have any significant assets or sources of funds other than Sales Tax Revenues and amounts on deposit pursuant to the Indenture. NIFA has no independent taxing power.

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

8. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

NIFA Long-Term Debt (Continued)

Debt Service to maturity as of December 31, 2001 is as follows (dollars in thousands):

Year Ending	Principal	Interest	Total
2002	\$ 11,670	\$ 22,275	\$ 33,945
2003	12,400	21,774	34,174
2004	12,920	21,238	34,158
2005	16,785	20,675	37,460
2006	16,945	19,940	36,885
Thereafter	<u>365,480</u>	<u>168,744</u>	<u>534,224</u>
Total	<u>\$ 436,200</u>	<u>\$ 274,646</u>	<u>\$ 710,846</u>

Interest on the NIFA's Bonds is payable on May 15 and November 15 of each year, and principal is payable on November 15. The first principal payment for both the Series 2000A Bonds and the Series 2001A Bonds is due on November 15, 2002. A debt service account has been established under the Indenture to provide for the payment of interest on and principal of Bonds outstanding. The Trustee makes monthly deposits to the debt service account in the amount of debt service accrued through the end of that month, essentially one-sixth of the next interest payment and one-twelfth of the next principal payment. Because of this monthly deposit requirement, the amount accrued for debt service in the NIFA's financial statements in any year will not be the same as the debt service on the bonds paid to bondholders in that year.

Nassau Community College Bonds Payable

Long-term obligations of the Nassau Community College and Nassau County general obligation serial bonds issued for various College construction, including the range of interest rates, issue dates, and maturity dates are as follows:

	Balance at September 1, 2000	Additions	Reductions	Balance at August 31, 2001
Debt:				
General Obligations	\$ 53,935	\$ -	\$ 3,122	\$ 50,813
DASNY	31,200	-	924	30,276
Other:				
Accrued vacation and sick pay	26,942	89	-	27,031
Estimated liability for litigation	<u>2,500</u>	<u>-</u>	<u>-</u>	<u>2,500</u>
Total	<u>\$114,577</u>	<u>\$ 89</u>	<u>\$ 4,046</u>	<u>\$ 110,620</u>

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

8. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

Nassau Community College Bonds Payable (Continued)

Dormitory Authority of the State of New York ("DASNY") - The College, has entered into financing agreements with the Dormitory Authority of the State of New York (the "Authority") for the purpose of financing the State's one-half share of various capital construction costs. The Bonds are special obligations of the Authority, payable from amounts to be appropriated each year by the State pursuant to a provision of the State Education Law, and from moneys in the Debt Service Reserve Fund held by the Trustee. The amounts to be appropriated annually are assigned under the agreement from the county to the Authority. The Authority has no taxing power. Accordingly, under the Constitution of the State of New York, the availability of funds to make Annual Payments is subject to annual appropriations being made by the State Legislature. The provision of the State Education Law reciting that the State shall make these appropriations does not constitute a legally enforceable obligation of the State and the State is not legally required to appropriate such funds. The Bonds are not a debt of the State and the State is not liable for them.

The aggregate amount due the Authority under the agreement in each bond year (the "Annual Payments") is equal to debt service on the bonds plus certain administrative and other expenses of the Authority. No revenues or assets of the College or the county have been pledged or will be available to pay the debt service on the authority bonds. The county has pledged its full faith and credit to the payments of principal and interest on the bonds. The Authority will not have title to, a lien on or a security interest in any of the projects being financed by the bonds or in other property of the county or College.

General Obligation Serial Bonds - The County of Nassau has issued general obligation serial bonds in the name of the county for various College construction projects. The amount of serial bonds outstanding at August 31, 2001 was \$50.812 million and they are scheduled to mature from 2002 to 2028. This debt is the obligation of the county. No revenues or assets of the College have been pledged or will be available to pay debt service on the bonds. The county has pledged its full faith and credit to the payment of principal and interest on the bonds.

As of August 31, 2001, principal payments relating to the Authority and general obligation bonds are as follows (dollars in thousands):

Year Ending	DASNY	General Obligations	Total
2002	\$ 1,073	\$ 4,570	\$ 5,643
2003	1,128	4,578	5,706
2004	1,186	4,580	5,766
2005	1,253	4,901	6,154
2006	1,321	4,674	5,995
Thereafter	<u>24,314</u>	<u>27,511</u>	<u>51,825</u>
Total	<u>\$ 30,275</u>	<u>\$ 50,814</u>	<u>\$ 81,089</u>

Interest on the Authority and general obligation bonds ranges from 4.0% to 6.0% and 2.2% to 9.38%, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

8. NOTES PAYABLE AND LONG-TERM OBLIGATIONS (Continued)

NHCC Long-Term Debt

In connection with the purchase of the county's health care facilities, effective September 29, 1999, approximately \$260 thousand of Nassau Health Care Corporation Health System Revenue Bonds, Series 1999 at a net discount of approximately \$2.5 million were issued. For the year ended December 31, 2001, approximately \$186 thousand of bond discount was amortized and included in interest expense. The bonds, with interest rates between 4.625% and 6.0%, mature in varying installments from 2005 through 2029.

The Series 1999 Bonds were issued (1) to provide funds to finance the purchase by NHCC of the health facilities of the county; (2) to fund a required deposit to the Debt Service Reserve Account; (3) to fund a required deposit to the Operating Reserve Account; (4) to fund capitalized interest on the Series 1999 Bonds through February 1, 2000; (5) to finance working capital for NHCC after the acquisition; and (6) to pay the costs of issuance of the Series 1999 Bonds, including the premium of the bond insurer.

The Series 1999 bonds are secured by a pledge of health care reimbursement revenues of NHCC health facilities and amounts on deposit in certain debt service reserve funds. To the extent that certain debt service reserve funds falls below its requirement, the county has agreed to restore such account to its requirement. Furthermore, the county has guaranteed the full and prompt payment of principal, sinking fund payments and interest on the Series 1999 bonds. An insurance policy has been purchased by NHCC to guarantee all debt service payments in case of default by NHCC and the county.

The Series 1999 bonds contain certain covenants, including a rate covenant. Management believes that they are in compliance with any applicable covenants.

The first principal payment (\$5.2 million) is due August 1, 2005. Interest payments are due semi-annually on February 1 and August 1.

Year Ending	<u>Bonds Payable</u>
2002	\$ -
2003	-
2004	5,175
2005	5,415
2006	5,675
Thereafter	<u>245,217</u>
	261,482
Less unaccreted bond interest	1,554
Less net unamortized bond discount	<u>2,211</u>
Total	<u>\$ 257,717</u>

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

9. REFINANCING OF LONG-TERM OBLIGATIONS

Prior to December 31, 2001, the county defeased certain General Obligation Bonds and Combined Sewer District Bonds by refinancing them and placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the county's financial statements. Including those defeased in the current year ended December 31, 2001, approximately \$536 million of bonds outstanding are considered defeased.

10. PENSION PLANS

Plan Descriptions - The county participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer defined benefit retirement systems. The Systems provide retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, NY 12244.

Funding Policy - The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. The State legislature passed legislation in 2000 that suspends the 3% contribution for employees who have 10 years or more of credited service. In addition, members who meet certain eligibility requirement will receive one month's additional service credit for each completed year of service up to a maximum of two additional years of service credit. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by the employers to the pension accumulation fund. The county is required to contribute an actuarially determined amount. The required contributions for the current year and two preceding years were (dollars in thousands):

	<u>ERS</u>	<u>PFRS</u>
2001	\$ 4,673	\$ 7,204
2000	11,152	9,904
1999	8,479	13,578

The county's contributions made to the System over the three-year period were equal to 100 percent of the contributions required for the period.

Since 1989, the System's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. During 1993, the county issued bonds for the purpose of funding the liability. These bonds

**NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001**

10. PENSION PLANS (Continued)

were issued at rates significantly lower than the rates charged by the Retirement System. The State is maintaining these funds in an escrow account to pay off the remaining liability.

The \$37.6 million due to the State, for various early retirement incentive programs for employees was paid in 2001. In addition, \$3.4 million of other related debt due to the State for past service costs relating to various enhanced retirement plans and Section 803, retroactive retirement system memberships, were paid in 2001.

11. RECONCILIATION OF GAAP FUND BALANCES TO BUDGETARY BASIS

The following reconciles fund balances at December 31, 2001 as prepared on a GAAP basis to the budgetary basis of reporting (dollars in thousands):

	<u>General Fund</u>	<u>Special Revenue Funds</u>
Fund Balances at December 31, 2001 prepared in accordance with GAAP	\$ 94,432	\$ 81,294
Add:		
Proceeds from NIFA Tax Certiorari and Other Judgments Borrowings	186,102	
Proceeds from NIFA	79,798	
Less:		
Encumbrances	(66,907)	(16,901)
Payments to Refunded Escrow Agent	(90,426)	
Payments for Tax Certiorari and Other Judgments	(175,474)	
Unbudgeted Grant Fund		(21,478)
Unbudgeted NIFA General Fund		(526)
Fund Balances at December 31, 2001 prepared on the budgetary basis of reporting	<u>\$ 27,525</u>	<u>\$ 42,389</u>

NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

12. DESIGNATION OF UNRESERVED FUND BALANCES

Portions of the unreserved fund balances at December 31, 2001 were designated as sources of revenue in the ensuing year's operating budgets as follows (dollars in thousands):

Fund	Total Fund Balance Unreserved	Fund Balance Unreserved and Designated for Ensuing Year's Budget	Fund Balance Unreserved and Undesignated
General Fund	<u>\$ 27,525</u>	<u>\$ 18,000</u>	<u>\$ 9,525</u>
Special Revenue Funds:			
Sewage Disposal District #1 Maintenance	\$ 697	\$ 276	\$ 421
Sewage Disposal District #2 Maintenance	13,520	866	12,654
Sewage Disposal District #3 Maintenance	9,826	4,051	5,775
Sewage Collection Districts Maintenance	<u>11,011</u>	<u>4,626</u>	<u>6,385</u>
Total Special Revenue Funds	<u>\$ 35,054</u>	<u>\$ 9,819</u>	<u>\$ 25,235</u>

13. FUND DEFICITS

Individual funds with unreserved fund deficits as of December 31, 2001 were as follows:

	Fund Deficit Unreserved	Reserved Fund Balance	Total Fund Balance Surpluses
Special Revenue Funds:			
Grant	<u>\$(52,374)</u>	<u>\$ 73,852</u>	<u>\$ 21,478</u>
Total Special Revenue Funds	<u>\$(52,374)</u>	<u>\$ 73,852</u>	<u>\$ 21,478</u>
Capital Projects Funds:			
Sewage Disposal Districts	\$ (9,182)	\$ 49,304	\$ 40,122
Sewage Collection Districts	<u>(749)</u>	<u>4,260</u>	<u>3,511</u>
Total Capital Projects Funds	<u>\$ (9,931)</u>	<u>\$ 53,564</u>	<u>\$ 43,633</u>

The Grant Fund deficit resulted from the basis of accounting which recognizes grant revenues or underlying programs only upon the incurring of actual expenditures. Encumbrances which have been recorded to give recognition to contractual obligations are charged against unreserved fund balance, but do not provide a basis for the recognition of corresponding revenues. Such revenues will be recognized when the actual expenditures are made thereby eliminating the corresponding deficit.

**NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001**

13. FUND DEFICITS (Continued)

Capital Project funds deficits resulted from differences in timing between project expenditures and encumbrances and the recognition of corresponding long-term financing sources. Since project expenditures are initially financed by the issuance of bond anticipation notes and the proceeds of these short-term borrowings are recorded as fund liabilities rather than as other financing sources in accordance with accounting principles generally accepted in the United States of America, fund balance deficits necessarily occur. These deficits will be eliminated when long-term bonds payable are issued to redeem the bond anticipation notes payable since the proceeds of such long-term borrowings are properly recognized as other financing sources.

14. POST-EMPLOYMENT BENEFITS

Health Insurance - The county provides health care benefits in accordance with New York State Health Insurance Rules and Regulations administered by New York State Department of Civil Service (the NYSHIP plan). The county's several union contracts and ordinances require the county to provide all eligible enrollees with either the NYSHIP plan or other equivalent health insurance. Currently, all of the county's retirees and employees are enrolled in the NYSHIP/Empire Plan.

Under the provisions of the Empire Plan, premiums are adjusted on a prospective basis for any losses experienced by the Empire Plan. The county has the option to terminate its participation in the Empire Plan at any time without liability for its respective share of any previously incurred loss.

Substantially all employees are eligible for benefits upon retirement from the county. The county contributes 100% of the health insurance costs for all police officers and county employees who retired after December 31, 1975. However, with regard to county employees who retired prior to December 31, 1975, the county's contribution is reduced in accordance with the union agreement applicable to their respective retirement dates.

The county recognizes the expenditure of providing current and postretirement health care benefits in the year to which the insurance premiums apply. Empire insurance premiums are billed in advance and therefore the county has recorded a prepaid asset for these amounts at December 31, 2001. The total cost for providing health care benefits was \$ 118.2 million in 2001, of which approximately \$59.1 million was for retirees and approximately \$59.1 million was for active employees and other eligible individuals.

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

15. CONTINGENCIES AND COMMITMENTS

A. Claims and Litigation

The county, its officers and employees are defendants in litigation. Such litigation includes, but is not limited to, actions commenced and claims asserted against the county arising out of alleged torts, alleged breaches of contracts (which include union and employee disputes), condemnation proceedings, medical malpractice actions and other alleged violations of law, including those claims arising from events which occurred prior to the closing date of the Nassau Health Care Corporation of September 29, 1999. The county self-insures for everything except property damage, helicopter accidents and employee bonding. The county annually appropriates sums for the settlement of claims and litigation. The county intends to defend itself vigorously against all claims. Estimated liabilities of approximately \$147.5 million have been recorded in the General Long-Term Obligations Account Group for settlement of litigation and claims other than malpractice claims. The County Attorney is of the opinion that the ultimate settlement of such claims and litigation outstanding at December 31, 2001 will not result in a material adverse effect on the county's financial position. Changes in the balance of the estimated liability for litigation for 2001 are as follows (dollars in thousands):

	2001	2000
Beginning Balance	\$ 147,500	\$ 147,500
Estimated Incurred Claims (including IBNR)	10,722	32,381
Claim Payments	<u>(10,722)</u>	<u>(32,381)</u>
Ending Balance	<u>\$ 147,500</u>	<u>\$ 147,500</u>

Approximately \$15.3 million has been accrued as a liability at December 31, 2001 related to malpractice claims where the County Attorney and Medical Center management can reasonably estimate the ultimate outcome. The liability for certain other asserted and unasserted malpractice claims is not estimable as of December 31, 2001. All malpractice occurrences prior to September 29, 1999 are the responsibility of the county. Occurrences subsequent to September 29, 1999 are the responsibility of the Nassau Health Care Corporation ("NHCC").

**NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001**

15. CONTINGENCIES AND COMMITMENTS (Continued)**B. Tax Certioraris**

In fiscal 2001, there were approximately 70,579 taxpayers' claims filed against Board of Assessors, for the incorrect determination of assessed valuation (certiorari proceedings) for the 2001 (May 1, 2001) assessment roll. During 2001 NIFA issued approximately \$137.0 million of bonds on behalf of the county to fund county tax certioraris judgments and settlements, bringing the total amount of such bonds issued by both the county and NIFA to approximately \$992 million. This amount has been included with serial bonds reported in the General Long-Term Obligations Account Group. An amount estimated for future settlements and judgments of \$400 million has also been recorded in the General Long-Term Obligations Account Group.

Tax certiorari settlements are usually financed temporarily by the county's RAN's or TAN's in the General Fund. These RAN's and TAN's are then sold to NIFA which in turn issues BAN's thereafter refinancing them by bond issuances. For the year ended December 31, 2001, tax certiorari settlements were \$136.9 million and were substantially financed by \$137 million of NIFA bonds and \$15 million of NIFA BAN's reported in the General Long-Term Obligations Account Group and Capital Projects Fund, respectively.

C. Contingencies under Grant Programs

The county participates in a number of Federal and State grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. As of December 31, 2001, the audits of certain programs have not been completed. Provisions for certain expected disallowances, where considered necessary, have been made as of December 31, 2001. In the county's opinion, any additional disallowances resulting from these audits will not be material.

D. Certain Third - Party Reimbursement Matters

Net patient service revenue of NHCC's health facilities included amounts estimated to be reimbursable by third-party payor programs. Such amounts are subject to revision based on changes in a variety of factors as set forth in the applicable regulations. It is the opinion of NHCC's management that adjustments, if any, would not have a material effect on the county's financial position.

**NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001**

15. CONTINGENCIES AND COMMITMENTS (Continued)**E. Insurance**

The county carries property insurance on all county owned real property and on certain personal property for losses in excess of \$100,000. It also carries liability insurance on its police helicopters and a blanket fidelity bond covering all county employees. This coverage is comparable to that of the prior fiscal year. Essentially all other risks are assumed directly by the county. The county suffered no material property losses during 2001. Settlements have not exceeded county insurance coverage for each of the past three years.

F. Accumulated Vacation and Sick Leave Entitlements

County employees are entitled to accumulate unused vacation leave and sick leave up to certain contractual amounts. At current salary levels, the county's liability for the payment of these accumulations is approximately \$450.8 million, which includes \$27 million for the Nassau Community College at August 31, 2001.

G. Deferred Payroll

The county has entered into agreements with the Civil Service Employees' Association ("CSEA"), the Police Benevolent Association, ("PBA"), Superior Officers Association, ("SOA"), and the Detective Association, Inc. ("DAI"), and certain Ordinance employees, to defer 10 days pay which shall be paid to the employee on separation of service at the salary rate then in effect. The amount deferred at December 31, 2001 was approximately \$19.6 million. This deferral is reported in the General Long-Term Obligation Account Group as certain contractual arrangements to provide for the payment of these commitments at specific dates in future fiscal periods. The College, a component unit of the county, entered into a similar agreement in 1992 payable to eligible employees on September 1, 2001. The amount deferred at the College close of August 31, 2001 was approximately \$1.3 million and is also reported in the General Long-Term Obligation Account Group. In addition, termination pay for accumulated leave in excess of \$5,000 for CSEA members shall be paid by the county in three equal installments of accumulated days on the three consecutive Januarys following termination. The amount deferred at December 31, 2001 was approximately \$20.1 million and is reported in the General Long-Term Obligation Account Group.

H. Capital Commitments

At December 31, 2001, there were capital project contract commitments of \$120.6 million.

I. MTA Commitment

The Metropolitan Transportation Authority ("MTA") paid \$121.0 million cumulatively to the county pursuant to a mass transportation funding agreements in return for the county's provision in the future of \$242.0 million for capital costs incurred by the MTA in connection with capital improvements and rolling stock. The \$121.0 million could be used by the county for any purpose and was recognized in the General Fund in years 1999 and prior. The county has authorized capital appropriations of \$242.0 million to meet its obligation which was financed by county bond issuances. As of December 31, 2001, the county has repurchased and financed \$221.0 million of capital improvements and rolling stock and a \$21.0 million commitment remains. The county,

**NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001**

15. CONTINGENCIES AND COMMITMENTS (Continued)**I. MTA Commitment (continued)**

however, is contesting the legality of the funding agreements. The probability or extent of the financial gain to the county as a result of the litigation is undeterminable at this time. Therefore, no provision has been made for such a gain in the accompanying financial statements.

J. Contract Settlement-Nassau Community College

The College used a 1998 fact finding study to estimate adjunct salary for all years after September 30, 1995. The adjunct salary contract was finalized in February 2002. The settlement amount for prior years' adjunct salary was \$432,000 and, accordingly, an adjustment of approximately \$3.8 million was made in 2001 to reduce the liability.

16. NASSAU HEALTH CARE CORPORATION ("NHCC")

Effective September 29, 1999, Nassau Health Care Corporation (the "NHCC") acquired the "Health Facilities" of the county. The purchase, pursuant to the terms of an acquisition agreement between the NHCC and the county (the "Acquisition Agreement"), resulted in the transfer of all real property owned by the county on which the Nassau University Medical Center and A. Holly Patterson Extended Care are situated, as defined. Additionally, as defined in the Acquisition Agreement, the county assumed the net accounts receivable and the majority of liability balances, as defined, of the Health Facilities which existed on September 28, 1999, as well as commitments to making annual historic mission payments, funding certain capital projects and other costs associated with the Corporation.

In consideration for the acquisition of the Health Facilities from the county, the NHCC paid the county \$82.0 million from the proceeds of Series 1999 Bonds issued on September 29, 1999 to the Corporation. The Series 1999 bonds amounted to \$259.7 million and bear interest at rates ranging between 4.60% and 6.00%. The bonds are guaranteed by the county and mature between 2005 and 2029.

17. RELATED ORGANIZATION - NASSAU COUNTY TOBACCO SETTLEMENT CORPORATION

On November 23, 1999 the Nassau County Tobacco Settlement Corporation ("NCTSC") entered into a Purchase and Sale Agreement dated as of October 1, 1999 with the county pursuant to which NCTSC acquired from the county all of the county's right title and interest under the Master Settlement Agreement (the "MSA") and the Consent Decree and Final Judgment (the "Decree"). These rights include the county's share of all Tobacco Settlement Revenues received after November 23, 1999 and in perpetuity to be received under the MSA and the Decree. The consideration paid by NCTSC to the county for such acquisition consisted of \$247,500,000 cash (of which \$77,500,000 was paid into escrow for the benefit of the county) and the sole beneficial interest in NCTSC Residual Trust, a Delaware business trust to which NCTSC has conveyed a residual interest in all the Tobacco Settlement Revenues, annually received in excess of those required to pay debt service on the NCTSC's bonds (the "Residual"). NCTSC's right to receive Tobacco Settlement Revenues is its most significant asset and is expected to produce funding for all its obligations. NCTSC is a special purpose local development corporation organized under the Not-for-Profit Corporation Law of the State of New York and is an instrumentality of, but separate and apart from Nassau County. NCTSC is a related

NOTES TO COMBINED FINANCIAL STATEMENTS
 YEAR ENDED DECEMBER 31, 2001

17. RELATED ORGANIZATION - NASSAU COUNTY TOBACCO SETTLEMENT CORPORATION (CONTINUED)

organization and does not meet the criteria of a component unit as defined in the Government Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, because the county is not financially accountable. Accordingly, the financial statements are prepared on a "stand alone" basis and not included in the County of Nassau's financial statements.

A copy of the audited financial statements can be obtained from the County Treasurer, 240 Old Country Road, Mineola, NY 11501-4820.

18. RECENT FINANCIAL DIFFICULTIES

In recent years, the county has experienced severe financial difficulties including substantial recurring operating deficits and diminished debt ratings when accessing the public credit markets. Although the county ended the 2001 fiscal year with a \$7.1 million General Fund operating surplus, which was transferred to the Technology Fund, this surplus included over \$115.0 million of transitional state aid and debt refinancing from NIFA, and over \$35.0 million of nonrecurring revenues. Unreserved fund balance in the General Fund was \$27.5 million which had been carried forward from the fiscal 1999 surplus.

On March 16, 2000, the Governor of the State of New York appointed a special advisor to evaluate the financial condition of the county, including the nature, extent and causes of any fiscal distress. Based on the special advisor's report the Governor developed a plan linking state aid to the county's implementation of remedial measures. On June 13, 2000 the County Legislature passed a home rule message accepting the Governor's plan and the State Legislature enacted enabling legislation including creation of the Nassau County Interim Finance Authority (Note 1). NIFA was empowered to provide certain interim financing to the county secured by sales tax revenues authorized by the State and imposed by the county. In addition, NIFA monitors and oversees the finances of the county and upon declaration of a "Control Period," defined by legislation, may assume additional oversight authority.

19. DISCRETELY PRESENTED COMPONENT UNITS - RECONCILIATION OF RESERVE FOR CAPITAL IMPROVEMENTS

	<u>NHCC</u>	<u>OTB</u>
	<u>(Dollars in Thousands)</u>	
Reserve for Capital Improvements, December 31, 2000	\$ 14,320	\$ 3,693
Revenues	-	1,201
Interest earned	405	24
Fund balance released from restriction	(11,228)	-
Depreciation expense	<u>-</u>	<u>(578)</u>
Reserve for Capital Improvements, December 31, 2001	<u>\$ 3,497</u>	<u>\$ 4,340</u>

NOTES TO COMBINED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2001

20. GASB PRONOUNCEMENTS

The Government Accounting Standards Board has adopted the following: Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, which establishes specific standards for the basic financial statements, management's discussion and analysis (MD&A), and certain required supplementary information (RSI) other than MD&A; Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, which makes modifications to statement No. 34; and, Statement No. 38, *Certain Financial Statement Note Disclosures*, which modifies, establishes and rescinds certain financial statement disclosure requirements. These statements will be effective for the county for periods beginning after June 15, 2001. The county is in the process of evaluating the effect these pronouncements will have on the general purpose financial statements.

* * * * *

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

GENERAL FUND

The General Fund is the general operating fund of the County through which the County provides most countywide services. Its principal sources of revenue are the countywide real property tax, the sales tax, other local taxes and charges, departmental revenues, and Federal and State Aid.

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. BUDGET ESTIMATES
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Budget Estimates	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
INTEREST AND PENALTIES ON TAXES	\$ 13,920	\$ 19,014	\$	\$ 19,014	\$ 5,094
LICENSES AND PERMITS					
Day Camp Permits	6	5		5	(1)
Food Establishments	1,700	1,680		1,680	(20)
Hazardous Materials Registration Fees	433	431		431	(2)
Home Improvements	1,200	1,058		1,058	(142)
Location Permits	15	115		115	100
Manufacturing Frozen Desserts	17	16		16	(1)
Realty Subdivision Filing	60	35		35	(25)
Road Openings	200	198		198	(2)
Sewage Connections	85	86		86	1
Swimming Pools and Bathing Beaches	69	77		77	8
Temporary Residence Inspection Permit Verification	73	55		55	(18)
Weights & Measures		46		46	46
X-rays, Surveys and Inspections	250	291		291	41
Cross Connections	69	103		103	34
	77	80		80	3
Total Licenses and Permits	4,254	4,276		4,276	22
FINES AND FORFEITS	12,245	11,802		11,802	(443)
INTEREST, RENTS AND RECOVERIES					
Coliseum & Mitchell Field Rents	569	255		255	(314)
Coliseum Rental	266	204		204	(62)
Coliseum Utilities	1,593	1,385		1,385	(208)
Investment Income	10,751	16,243		16,243	5,492
Recovery of Damage to County Property	450	362		362	(88)
Recovery of Property and Restaurant Tax	723	205		205	(518)
Recovery of Prior Year Appropriations	6,380	1,500		1,500	(4,880)
Recovery of Workers' Compensation	1,075	970		970	(105)
Rental of County Property	730	710		710	(20)
Rental of Voting Machines	120	118		118	(2)
Rental of Mitchel Field	4,466	4,721		4,721	255
Sale of County Property	100	277		277	177
Tobacco Settlement	23,900	22,167		22,167	(1,733)
Other Recoveries	35	270		270	235
Total Interest, Rents and Recoveries	51,158	49,387		49,387	(1,771)

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. BUDGET ESTIMATES
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Budget Estimates	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
DEPARTMENTAL REVENUE					
Assessment	\$ 350	\$ 263	\$	\$ 263	\$ (87)
Board of Elections	25	28		28	3
CASA	3	3		3	
Civil Service	2,146	163		163	(1,983)
Commissioner of Accounts	33	3		3	(30)
Correctional Center	227	225		225	(2)
County Attorney	113	131		131	18
County Clerk	7,826	8,925		8,925	1,099
County Comptroller	54	21		21	(33)
County Legislature		1		1	1
District Attorney		1		1	1
Drug and Alcohol Addiction Health	1,287	1,446		1,446	159
Administration	5	4		4	(1)
Children's Early Intervention	5,804	4,542		4,542	(1,262)
Laboratory Research	220	78		78	(142)
Personal Health	10	925		925	915
Medical Examiner		10		10	10
Mental Health	800	637		637	(163)
Miscellaneous Receipts	2,164	338		338	(1,826)
Planning	1,010	1,993		1,993	983
Probation	1,876	1,343		1,343	(533)
Public Administrator	288	111		111	(177)
Public Works					
Administration	120	127		127	7
Highways and Engineering	120	189		189	69
Water Supply		3		3	3
Purchasing		2		2	2
Recreation & Parks					
Data Processing	800	765		765	(35)
Motor Vehicles	205	216		216	11
Property Management	168	169		169	1
Utilities	249	383		383	134
Senior Citizens Affairs	15	13		13	(2)
Sheriff	1,000	951		951	(49)
Social Services					
Administration	40	42		42	2
Aid to Dependent Children	4,910	4,787		4,787	(123)
Burials	10	14		14	4
Children in Foster Homes	125	124		124	(1)
Children in Institutions	325	423		423	98
Division of Services		76		76	76
Home Relief	1,900	1,401		1,401	(499)

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. BUDGET ESTIMATES
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Budget Estimates	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
DEPARTMENTAL REVENUE (Continued)					
Juvenile Delinquents	\$ 85	\$ 63	\$	\$ 63	\$ (22)
Medicaid MMIS	95,377	95,669		95,669	292
Public Financial Assistance	35	28		28	(7)
Title XX	1	137		137	136
Treasurer	599	502		502	(97)
Total Departmental Revenue	130,325	127,275		127,275	(3,050)
INTERDEPARTMENTAL REVENUE					
Correctional Center	1,785	1,872		1,872	87
County Attorney	7,122	5,986		5,986	(1,136)
District Attorney	1,022	1,195		1,195	173
Drug and Alcohol	646	157		157	(489)
General Services					
Utilities		1,856		1,856	1,856
Mental Health	1,574	1,080		1,080	(494)
Probation	988	969		969	(19)
Purchasing	782	473		473	(309)
Recreation & Parks					
Administration		6		6	6
Property Management	1,347	458		458	(889)
Bureau of Building Operations		66		66	66
Office Management Service	668	1,375		1,375	707
Data Processing	898	1,074		1,074	176
Motor Vehicles	295	267		267	(28)
Utilities	8,309	8,824		8,824	515
Revenues from Capital Fund	4,474	5,301		5,301	827
Revenues from Debt Service					
Chargebacks	38,792	38,722		38,722	(70)
Revenues from Indirect Cost					
Chargebacks	34,073	30,420		30,420	(3,653)
Sheriff	504	244		244	(260)
Traffic Safety Board	150	128		128	(22)
Other	460	723		723	263
Total Interdepartmental Revenue	103,889	101,196		101,196	(2,693)

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. BUDGET ESTIMATES
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Budget Estimates	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
FEDERAL AID					
Commissioner of Accounts	\$ 3	\$	\$	\$	\$ (3)
Correctional Center	11,250	10,844		10,844	(406)
County Attorney	170	197		197	27
District Attorney	27	36		36	9
Miscellaneous General Fund Aid	210	294		294	84
Senior Citizen Affairs	4,565	4,175		4,175	(390)
Sheriff	550	848		848	298
Social Services					
Administration	6,101	5,272		5,272	(829)
Aid to Dependent Children	20,500	6,839		6,839	(13,661)
Children in Foster Homes	1,875	1,879		1,879	4
Children in Institutions	9,000	14,569		14,569	5,569
Division of Services	7,400	7,188		7,188	(212)
Home Energy Assistance Program	1,200	3,014		3,014	1,814
Juvenile Delinquents	2,500	3,051		3,051	551
Medicaid MMIS	1,000	3,121		3,121	2,121
Public Financial Assistance	23,427	15,534		15,534	(7,893)
Title XX	33,988	25,906		25,906	(8,082)
Total Federal Aid	123,766	102,767		102,767	(20,999)
STATE AID					
Assessment	754	631		631	(123)
Commissioner of Accounts	46				(46)
Consumer Affairs	47	47		47	
Correctional Center	1,900	946		946	(954)
County Attorney	1,844	51		51	(1,793)
County Clerk		37		37	37
County Comptroller	310	41		41	(269)
Court Facility Aid	2,079	1,947		1,947	(132)
District Attorney	106	62		62	(44)
Drug and Alcohol Addiction	2,750	3,742		3,742	992
Health					
Administration	1,380	763		763	(617)
Children's Early Intervention	20,463	16,406		16,406	(4,057)
Environmental Health	1,652	1,203		1,203	(449)
Laboratory Research	1,060	769		769	(291)
Personal Health	3,216	2,095		2,095	(1,121)
Medical Examiner	1,863	1,318		1,318	(545)
Mental Health					
Administration	1,647	935		935	(712)
Contractual Services	3,450	3,976		3,976	526
Direct Services	855	410		410	(445)
Education of Handicapped Children	38,526	40,092		40,092	1,566

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. BUDGET ESTIMATES
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Budget Estimates	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
STATE AID (Continued)					
Miscellaneous General Fund Aid	\$ 17,833	\$ 17,437	\$	\$ 17,437	\$ (396)
Probation	7,200	6,572		6,572	(628)
Public Works					
Highway & Bridge Maintenance	1,119				(1,119)
Water Supply		538		538	538
Recreation and Parks					
Property Management	2,067				(2,067)
Utilities	451				(451)
Senior Citizen Affairs	3,235	3,254		3,254	19
Sheriff	150	218		218	68
Social Services					
Administration	3,625	3,592		3,592	(33)
Aid to Dependent Children	7,800	9,304		9,304	1,504
Burials	100	7		7	(93)
Children in Foster Homes	1,100	787		787	(313)
Children in Institutions	5,590	2,598		2,598	(2,992)
Division of Services	5,000	3,519		3,519	(1,481)
Education of Handicapped Children	4,000	4,352		4,352	352
Home Relief	4,500	3,359		3,359	(1,141)
Juvenile Delinquents	2,400	1,654		1,654	(746)
Juvenile Detention Center	3,035	2,462		2,462	(573)
Medicaid MMIS	37,600	44,671		44,671	7,071
Public Financial Assistance	9,201	7,686		7,686	(1,515)
Title XX	8,098	283		283	(7,815)
Treasurers	103				(103)
Veterans Service Agency	32				(32)
Nassau County Youth Board	1,905	2,153		2,153	248
Total State Aid	210,092	189,917		189,917	(20,175)
SALES TAX*	766,389	762,966		762,966	(3,423)
PREEMPTED SALES TAX IN LIEU OF PROPERTY TAXES					
Towns and City of Glen Cove*	49,371	43,717		43,717	(5,654)
Total Preempted Sales Tax in Lieu of Property Taxes	49,371	43,717		43,717	(5,654)
PROPERTY TAXES	144,458	145,100		145,100	642
PAYMENTS IN LIEU OF TAXES	2,625	3,450		3,450	825

* Paid to County \$23,976; paid to NIFA \$782,707

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL REVENUES VS. BUDGET ESTIMATES
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Budget Estimates	Actual Revenues	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
SPECIAL TAXES					
Admission Tax - Belmont Park	\$ 37	\$ 8	\$	\$ 8	\$ (29)
Entertainment Tax	2,960	2,362		2,362	(598)
Off-Track Betting Surtax	7,262	2,342		2,342	(4,920)
Privilege Tax - Coin Operated Amusement Devices	60	44		44	(16)
Real Estate Transfer Tax		12		12	12
Hotel-Motel Room Tax	2,659	3,491		3,491	832
<u>Total Special Taxes</u>	<u>12,978</u>	<u>8,259</u>		<u>8,259</u>	<u>(4,719)</u>
OTHER REVENUES					
Miscellaneous	10,554	1,635		1,635	(8,919)
<u>Total Other Revenues</u>	<u>10,554</u>	<u>1,635</u>		<u>1,635</u>	<u>(8,919)</u>
<u>Total Revenues</u>	<u>1,636,024</u>	<u>1,570,761</u>		<u>1,570,761</u>	<u>(65,263)</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In		12,237		12,237	12,237
Transfers In - Component Unit	13,000	18,037		18,037	5,037
Operating Transfer in from NIFA		79,798	(79,798)		
Operating Transfers of Investment Income	7,250	11,783		11,783	4,533
Payments to Refunded Bond Escrow Agent		(90,426)	90,426		
Proceeds from NIFA for Tax Certiorari and Other Judgement Borrowings		186,102	(186,102)		
<u>Total Other Financing Sources</u>	<u>20,250</u>	<u>217,531</u>	<u>(175,474)</u>	<u>42,057</u>	<u>21,807</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 1,656,274</u>	<u>\$ 1,788,292</u>	<u>\$ (175,474)</u>	<u>\$ 1,612,818</u>	<u>\$ (43,456)</u>

* Total revenues and other financing sources, estimates per 2001 County budget as adopted
 Add: Supplemental appropriations
 Budget estimates, total revenues and other financing sources

\$ 1,631,140
 25,134
\$ 1,656,274

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
CURRENT:					
LEGISLATIVE					
Legislature					
Legislators					
Salaries	\$ 3,358	\$ 3,183	\$	\$ 3,183	\$ 175
Fringe Benefits	834	801		801	33
Equipment	8	1		1	7
General Expenses	7	5		5	2
Contractual Services	62	60		60	2
Legislative Central Staff					
Salaries	426	425		425	1
Fringe Benefits	266	169		169	97
Equipment	2				2
General Expenses	414	400	9	409	5
Contractual Services	193	106	60	166	27
Legislative Budget Review					
Salaries	436	402		402	34
Fringe Benefits	94	62		62	32
Equipment	5				5
General Expenses	10	3		3	7
Contractual Services	56	26	21	47	9
Legislature Total	<u>6,171</u>	<u>5,643</u>	<u>90</u>	<u>5,733</u>	<u>438</u>
Total Legislative	<u>6,171</u>	<u>5,643</u>	<u>90</u>	<u>5,733</u>	<u>438</u>
JUDICIAL					
Court Administration					
Fringe Benefits	<u>2,311</u>	<u>2,092</u>		<u>2,092</u>	<u>219</u>
District Attorney					
Salaries	20,816	20,812		20,812	4
Fringe Benefits	5,507	5,507		5,507	
Equipment	118	102	5	107	11
General Expenses	478	449	20	469	9
Contractual Services	419	354	44	398	21
District Attorney Total	<u>27,338</u>	<u>27,224</u>	<u>69</u>	<u>27,293</u>	<u>45</u>
Medical Examiner					
Salaries	3,830	3,830		3,830	
Fringe Benefits	1,078	1,066		1,066	12
Equipment	37	33	1	34	3
Materials and Supplies	25	24		24	1
General Expenses	501	358	64	422	79

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
JUDICIAL (Continued)					
Medical Examiner (continued)					
Contractual Services	\$ 329	\$ 283	\$ 41	\$ 324	\$ 5
Interfund Charges	58	58		58	
Medical Examiner Total	<u>5,858</u>	<u>5,652</u>	<u>106</u>	<u>5,758</u>	<u>100</u>
Public Administrator					
Salaries	420	419		419	1
Fringe Benefits	257	257		257	
General Expenses	2	1		1	1
Contractual Services	24	6	6	12	12
Public Administrator Total	<u>703</u>	<u>683</u>	<u>6</u>	<u>689</u>	<u>14</u>
Sheriff					
Salaries	4,727	4,564		4,564	163
Fringe Benefits	3,104	3,104		3,104	
General Expenses	136	124	10	134	2
Sheriff Total	<u>7,967</u>	<u>7,792</u>	<u>10</u>	<u>7,802</u>	<u>165</u>
Traffic and Parking Violations					
Salaries	1,382	1,380		1,380	2
Fringe Benefits	369	339		339	30
Equipment	2	1		1	1
General Expenses	57	48	1	49	8
Contractual Services	1,073	541	239	780	293
Traffic and Parking Violations Total	<u>2,883</u>	<u>2,309</u>	<u>240</u>	<u>2,549</u>	<u>334</u>
Total Judicial	<u>47,060</u>	<u>45,752</u>	<u>431</u>	<u>46,183</u>	<u>877</u>
GENERAL ADMINISTRATION					
Assessment					
Salaries	5,416	5,304		5,304	112
Fringe Benefits	2,549	2,440		2,440	109
Equipment	8	8		8	
General Expenses	231	163	40	203	28
Contractual Services	10,106	4,683	5,413	10,096	10
Interfund Charges	671	671		671	
Assessment Total	<u>18,981</u>	<u>13,269</u>	<u>5,453</u>	<u>18,722</u>	<u>259</u>
Board of Assessment Review					
Salaries	516	447		447	69
Fringe Benefits	137	137		137	

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
GENERAL ADMINISTRATION (Continued)					
Board of Assessment Review (Continued)					
Equipment	\$ 9	\$ 3	\$	\$ 3	\$ 6
General Expenses	106		7	7	99
Board of Assessment Review Total	<u>768</u>	<u>587</u>	<u>7</u>	<u>594</u>	<u>174</u>
Board of Elections					
Administration					
Salaries	2,447	2,350		2,350	97
Fringe Benefits	735	659		659	76
Equipment	18	9	8	17	1
General Expenses	19	16	1	17	2
Interfund Charges	1	1		1	
General Elections					
Salaries	3,920	3,920		3,920	
Fringe Benefits	1,261	1,261		1,261	
Equipment	37	35	2	37	
General Expenses	485	454	13	467	18
Contractual Services	147	110	24	134	13
Primary Elections					
Salaries	1,242	1,242		1,242	
General Expenses	185	182		182	3
Contractual Services	101	71	30	101	
Board of Elections Total	<u>10,598</u>	<u>10,310</u>	<u>78</u>	<u>10,388</u>	<u>210</u>
Civil Service					
Salaries	3,181	3,181		3,181	
Fringe Benefits	1,391	1,351		1,351	40
Equipment	13				13
General Expenses	256	132	9	141	115
Contractual Services	859	62	195	257	602
Interfund Charges	45				45
Civil Service Total	<u>5,745</u>	<u>4,726</u>	<u>204</u>	<u>4,930</u>	<u>815</u>
Commerce and Industry					
Contractual Services	71		71	71	
Commerce and Industry Total	<u>71</u>		<u>71</u>	<u>71</u>	
County Attorney					
Salaries	6,239	6,239		6,239	
Fringe Benefits	2,338	2,070		2,070	268
Equipment	18	13	5	18	

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
GENERAL ADMINISTRATION (Continued)					
County Attorney (Continued)					
General Expenses	\$ 222	\$ 209	\$ 13	\$ 222	\$
Contractual Services	7,389	3,134	4,255	7,389	
Workman's Compensation Expense:					
Fringe Benefits	17,109	16,937	172	17,109	
County Attorney Total	<u>33,315</u>	<u>28,602</u>	<u>4,445</u>	<u>33,047</u>	<u>268</u>
County Comptroller					
General					
Salaries	4,402	4,402		4,402	
Fringe Benefits	1,871	1,800		1,800	71
Equipment	23				23
General Expenses	57	35	4	39	18
Contractual Services	1,223	772	451	1,223	
Sales Tax Compliance					
Equipment	6		1	1	5
Fringe Benefits	12				12
County Comptroller Total	<u>7,594</u>	<u>7,009</u>	<u>456</u>	<u>7,465</u>	<u>129</u>
County Executive					
Salaries	1,781	1,611		1,611	170
Fringe Benefits	785	758		758	27
Equipment	27	4	3	7	20
General Expenses	33	26	7	33	
Contractual Services	170	54	39	93	77
County Executive Total	<u>2,796</u>	<u>2,453</u>	<u>49</u>	<u>2,502</u>	<u>294</u>
County Treasurer					
Salaries	2,700	2,356		2,356	344
Fringe Benefits	1,087	965		965	122
Equipment	20	9	9	18	2
General Expenses	487	469	3	472	15
Contractual Services	1,883	892	595	1,487	396
County Treasurer Total	<u>6,177</u>	<u>4,691</u>	<u>607</u>	<u>5,298</u>	<u>879</u>
Recreation and Parks Administration					
Salaries	808	790		790	18
Fringe Benefits	578	578		578	
General Expenses	25	24	1	25	

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
GENERAL ADMINISTRATION (Continued)					
Property Management					
Salaries	\$ 3,302	\$ 3,235	\$	\$ 3,235	\$ 67
Fringe Benefits	1,984	1,984		1,984	
Equipment	2	2		2	
Materials and Supplies	204	174	8	182	22
General Expenses	936	525	401	926	10
Contractual Services	1,436	1,141	293	1,434	2
Bureau of Building Operations					
Salaries	2,645	2,640		2,640	5
Fringe Benefits	1,166	1,080		1,080	86
Supplies	30	22	7	29	1
General Expenses	196	135	36	171	25
Contractual Services	47	28	18	46	1
Office Management Services					
Salaries	2,366	2,242		2,242	124
Fringe Benefits	850	850		850	
Materials and Supplies	323	223	99	322	1
General Expenses	2,524	2,413	111	2,524	
Contractual Services	361	105	256	361	
Data Processing					
Salaries	8,455	8,455		8,455	
Fringe Benefits	2,614	2,614		2,614	
Materials and Supplies	13	10	1	11	2
General Expenses	1,991	1,022	792	1,814	177
Contractual Services	4,543	2,197	1,984	4,181	362
Purchase and Supply					
Fringe Benefits	36	36		36	
Motor Vehicles					
Salaries	463	442		442	21
Fringe Benefits	298	298		298	
General Expenses	1,207	922	260	1,182	25
Interfund Charges	55	41		41	14
Utilities					
Utility Costs	23,516	21,683	1,833	23,516	
Recreation and Parks Total	<u>62,974</u>	<u>55,911</u>	<u>6,100</u>	<u>62,011</u>	<u>963</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
GENERAL ADMINISTRATION (Continued)					
Housing and Intergovernmental Affairs:					
Salaries	\$ 138	\$ 138	\$	\$ 138	\$
Fringe Benefits	262	262		262	
General Expenses	4	4		4	
Housing & Intergovernmental Affairs Total	404	404		404	
Labor Relations					
Contractual Services	119	50	68	118	1
Labor Relations Total	119	50	68	118	1
Management and Budgets					
Salaries	908	841		841	67
Fringe Benefits	368	353		353	15
Equipment	15	1		1	14
General Expenses	46	6		6	40
Contractual Services	1,745	1,708	12	1,720	25
Management and Budgets Total	3,082	2,909	12	2,921	161
Personnel					
Salaries	326	253		253	73
Fringe Benefits	263	225		225	38
General Expenses	1				1
Contractual Services	62	21		21	41
Personnel Total	652	499		499	153
Planning					
Salaries	954	944		944	10
Fringe Benefits	798	798		798	
Equipment	1		1	1	
General Expenses	12	1	1	2	10
Contractual Services	1,277	874	358	1,232	45
Various Direct Expenses	150	50	100	150	
Bus Shelter Maint. & Cleaning	58		57	57	1
Employee Commute Options Program	5				5
Mass Transportation					
Pt. Lookout/Lido Beach Bus Route	60		60	60	
Metropolitan Suburban Bus Authority	7,853	7,853		7,853	
LIRR Station Maintenance	20,548	20,548		20,548	

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
GENERAL ADMINISTRATION (Continued)					
Mass Transportation (Continued)					
MTA-LIRR Operating Assistance	\$ 11,584	\$ 11,584	\$	\$ 11,584	\$
Physically Challenged Transportation	3,458	3,458		3,458	
Planning Total	<u>46,758</u>	<u>46,110</u>	<u>577</u>	<u>46,687</u>	<u>71</u>
Purchasing					
Salaries	1,252	1,192		1,192	60
Fringe Benefits	804	793		793	11
Equipment	21	15	2	17	4
Purchasing Total	<u>2,077</u>	<u>2,000</u>	<u>2</u>	<u>2,002</u>	<u>75</u>
Total General Administration	<u>202,111</u>	<u>179,530</u>	<u>18,129</u>	<u>197,659</u>	<u>4,452</u>
PROTECTION OF PERSONS					
Commission on Human Rights					
Salaries	746	690		690	56
Fringe Benefits	653	525		525	128
Equipment	1		1	1	
General Expenses	43	8	5	13	30
Contractual Services	10	10		10	
Commission on Human Rights Total	<u>1,453</u>	<u>1,233</u>	<u>6</u>	<u>1,239</u>	<u>214</u>
Commissioner of Accounts					
Salaries	779	777		777	2
Fringe Benefits	411	363		363	48
General Expenses	2	1		1	1
Commissioner of Accounts Total	<u>1,192</u>	<u>1,141</u>		<u>1,141</u>	<u>51</u>
Consumer Affairs					
Salaries	1,431	1,261		1,261	170
Fringe Benefits	785	785		785	
Equipment	1				1
General Expenses	7	6		6	1
Contractual Services	7		7	7	
Consumer Affairs Total	<u>2,231</u>	<u>2,052</u>	<u>7</u>	<u>2,059</u>	<u>172</u>
County Clerk					
Salaries	3,315	3,315		3,315	
Fringe Benefits	1,871	1,846		1,846	25
Equipment	85	32	5	37	48
General Expenses	264	195	53	248	16
Contractual Services	130	29	1	30	100
County Clerk Total	<u>5,665</u>	<u>5,417</u>	<u>59</u>	<u>5,476</u>	<u>189</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
PROTECTION OF PERSONS (Continued)					
Police					
General Expenses	\$ 68	\$ 11	\$ 27	\$ 38	\$ 30
Police Total	<u>68</u>	<u>11</u>	<u>27</u>	<u>38</u>	<u>30</u>
Traffic Safety Board					
Salaries	257	190		190	67
Fringe Benefits	62	44		44	18
Traffic Safety Board Total	<u>319</u>	<u>234</u>		<u>234</u>	<u>85</u>
<u>Total Protection of Persons</u>	<u>10,928</u>	<u>10,088</u>	<u>99</u>	<u>10,187</u>	<u>741</u>
HEALTH					
Drug and Alcohol					
Administration					
Salaries	754	585		585	169
Fringe Benefits	682	622		622	60
Equipment	16	4	9	13	3
General Expenses	23	14	3	17	6
Chemical Dependency Services					
Salaries	2,254	2,254		2,254	
Fringe Benefits	2,351	1,898		1,898	453
Equipment	1	1		1	
Supplies	204	139	65	204	
General Expenses	111	66	40	106	5
Contractual Services	6,678	3,420	3,226	6,646	32
Various Direct Expenses	74	74		74	
Interfund Charges	6,202	6,202		6,202	
Drug and Alcohol Total	<u>19,350</u>	<u>15,279</u>	<u>3,343</u>	<u>18,622</u>	<u>728</u>
Health Department					
Administration					
Salaries	2,596	2,226		2,226	370
Fringe Benefits	983	983		983	
General Expenses	111	103	7	110	1
Contractual Services	26		21	21	5
Interfund Charges	240				240
Environmental Health					
Salaries	5,386	5,386		5,386	
Fringe Benefits	2,371	2,371		2,371	
Equipment	35	13	16	29	6
Supplies	6	4	2	6	
General Expenses	600	280	205	485	115
Contractual Services	337	73	147	220	117
Interfund Charges	5				5
Laboratory Research					
Salaries	2,258	2,084		2,084	174
Fringe Benefits	976	922		922	54

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
HEALTH (Continued)					
Laboratory Research (Continued)					
Equipment	\$ 23	\$ 14	\$ 6	\$ 20	\$ 3
Supplies	498	412	68	480	18
General Expenses	224	152	61	213	11
Public Health					
Salaries	2,419	2,364		2,364	55
Fringe Benefits	1,782	1,710		1,710	72
Equipment	1	1		1	
Supplies	144	48	85	133	11
General Expenses	158	46	49	95	63
Contractual Services	6,451	5,603	211	5,814	637
Interfund Charges	1,201	1,175		1,175	26
Early Intervention					
Salaries	2,651	2,329		2,329	322
Fringe Benefits	669	587		587	82
General Expenses	542	369	2	371	171
Contractual Services	45,250	37,471	7,561	45,032	218
Interfund Charges	1,400	932		932	468
Health Department Total	<u>79,343</u>	<u>67,658</u>	<u>8,441</u>	<u>76,099</u>	<u>3,244</u>
Mental Health					
Administration					
Salaries	1,147	1,057		1,057	90
Fringe Benefits	618	618		618	
General Expenses	551	431		431	120
Contractual Services	381	363	18	381	
Interfund Charges	40	36		36	4
Contractual Services					
Contractual Services	5,873	5,179	596	5,775	98
Various Direct Expenses	7				7
Direct Services					
Salaries	334	93		93	241
Fringe Benefits	160	107		107	53
General Expenses	1	1		1	
Contractual Services	1,353	994	201	1,195	158
Education of Handicapped Children					
Other Expenses	73,591	70,537	941	71,478	2,113
Mental Health Total	<u>84,056</u>	<u>79,416</u>	<u>1,756</u>	<u>81,172</u>	<u>2,884</u>
Total Health	<u>182,749</u>	<u>162,353</u>	<u>13,540</u>	<u>175,893</u>	<u>6,856</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
VS. TOTAL BUDGETARY AUTHORITY
GENERAL FUND

FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
PUBLIC WORKS					
Administration					
Salaries	\$ 1,254	\$ 1,206	\$	\$ 1,206	\$ 48
Fringe Benefits	764	764		764	
General Expenses	147	116	30	146	1
Contractual Services	672	655	16	671	1
Highway and Engineering					
Salaries	6,848	6,535		6,535	313
Fringe Benefits	3,901	3,568		3,568	333
Equipment	8	1	3	4	4
Supplies	246	208	25	233	13
General Expenses	24	12	3	15	9
Contractual Services	3,196	2,612	487	3,099	97
Utility Costs	1,290	1,275	14	1,289	1
Highway and Bridge Maintenance					
Salaries	8,928	8,698		8,698	230
Fringe Benefits	4,512	4,215		4,215	297
Equipment	20	20		20	
Supplies	929	862	54	916	13
General Expenses	613	414	94	508	105
Contractual Services	367	286	48	334	33
Utility Costs	552	462	64	526	26
Fireman Training Remediation					
Salaries	278	278		278	
Fringe Benefits	89	48		48	41
Supplies	288	12		12	276
General Expenses	12	8	1	9	3
Contractual Services	130	4	111	115	15
Utility Costs	186	174	12	186	
Interfund Charges	60				60
Buildings					
Salaries	1,276	1,184		1,184	92
Fringe Benefits	774	640		640	134
General Expenses	7	6		6	1
Water Supply					
Salaries	3,357	3,346		3,346	11
Fringe Benefits	1,047	1,047		1,047	
Equipment	12	10		10	2
Supplies	14	14		14	
General Expenses	45	35	8	43	2
Contractual Services	773	554	182	736	37
Utility Costs	45	29	5	34	11
Various Direct Expenses	370	305	64	369	1
Sanitation					
Salaries	2,949	2,751		2,751	198
Fringe Benefits	1,722	1,672		1,672	50

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
PUBLIC WORKS (Continued)					
Sanitation (Continued)					
General Expenses	\$ 12	\$ 12	\$	\$ 12	\$
Contractual Services	1	1	_____	1	_____
<u>Total Public Works</u>	<u>47,718</u>	<u>44,039</u>	<u>1,221</u>	<u>45,260</u>	<u>2,458</u>
RECREATION AND PARKS					
Cultural Development					
Equipment	1	1		1	
Supplies	1		1	1	
Contractual Services	28	2	15	17	11
<u>Cultural Development Total</u>	<u>30</u>	<u>3</u>	<u>16</u>	<u>19</u>	<u>11</u>
Recreation and Parks					
Tech Service & Golf					
Supplies	1				1
General Expenses	5				5
Contractual Services	2				2
Recreation Services					
General Expenses	7				7
Museums					
Supplies	2				2
General Expenses	2				2
<u>Recreation and Parks</u>	<u>19</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>19</u>
<u>Department Total</u>	<u>19</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>19</u>
<u>Total Recreation and Parks</u>	<u>49</u>	<u>3</u>	<u>16</u>	<u>19</u>	<u>30</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
SOCIAL SERVICES					
Bar Association - Public Defender	\$ 2,132	\$ 2,057	\$ 73	\$ 2,130	\$ 2
CASA					
Salaries	270	269		269	1
Fringe Benefits	82	82		82	
General Expenses	1	1		1	
Contractual Services	11	10	1	11	
CASA Total	364	362	1	363	1
Legal Aid Society	4,317	4,231	85	4,316	1
Minority Affairs					
Salaries	305	283		283	22
Fringe Benefits	60	59		59	1
Supplies	3				3
General Expenses	6		4	4	2
Minority Affairs Total	374	342	4	346	28
Senior Citizens Affairs					
Administration					
Salaries	1,794	1,778		1,778	16
Fringe Benefits	1,118	1,079		1,079	39
General Expenses	21	12	4	16	5
Contractual Services	111	39	54	93	18
Interfund Charges	10	10		10	
Community Services					
Contractual Services	3,154	2,222	881	3,103	51
Nutrition Program					
Contractual Services	4,854	3,408	1,258	4,666	188
Community Centers					
Supplies	3	3		3	
General Expenses	1	1		1	
Contractual Services	149	16	72	88	61
Area Agency Title III					
Contractual Services	2,576	2,103	393	2,496	80
Foster Grandparents Program					
General Expenses	83	75	1	76	7
Contractual Services	49		38	38	11
Extended In-home Services					
Contractual Services	3,886	2,641	793	3,434	452
TITLE IIID/CSI (Health Promotion)					
Salaries	10				10
Fringe Benefits	1				1
General Expenses	44		44	44	
TITLE III E (Caregivers)					
Salaries	44	15		15	29
Fringe Benefits	11	1		1	10
Equipment	65				65
General Expenses	1				1
Contractual Services	333	87	117	204	129
Senior Citizens Affairs Total	18,318	13,490	3,655	17,145	1,173

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
<u>SOCIAL SERVICES (Continued)</u>					
Social Services Department					
Administration					
Salaries	\$ 4,346	\$ 3,804	\$	\$ 3,804	\$ 542
Fringe Benefits	1,963	1,757		1,757	206
Equipment	3	1	1	2	1
General Expenses	349	318	30	348	1
Contractual Services	1,196	469	618	1,087	109
Various Direct expenses	255	112	111	223	32
Public Financial Assistance					
Salaries	22,506	22,506		22,506	
Fringe Benefits	8,854	8,854		8,854	
Equipment	226	46	151	197	29
General Expenses	533	497	36	533	
Contractual Services	11,861	2,415	7,914	10,329	1,532
Interfund Charges	1,240	968		968	272
Division Of Services					
Salaries	13,271	12,955		12,955	316
Fringe Benefits	5,224	4,993		4,993	231
General Expenses	363	360	3	363	
Contractual Services	480		415	415	65
Interfund Charges	940	518		518	422
Juvenile Detention Center					
Salaries	2,189	2,115		2,115	74
Fringe Benefits	843	725		725	118
Equipment	56	23	27	50	6
Supplies	22	19	3	22	
General Expenses	49	40	8	48	1
Contractual Services	961	367	455	822	139
Utility Costs	84	84		84	
Interfund Charges	228	142		142	86
Real Estate Expense					
General Expenses	12	7		7	5
Handicapped Children Education					
Emergency Vendor Payments	10,532	8,751	1,367	10,118	414
Physically Challenged					
Salaries	249	249		249	
Fringe Benefits	67	67		67	
General Expenses	5	2		2	3
Contractual Services	61	55	6	61	
Food Stamp Program					
Recipient Grants	40	3		3	37
Aid to Dependent Children					
Recipient Grants	23,882	23,882		23,882	
Emergency Vendor Payments	5,102	4,913	23	4,936	166
Home Relief					
Recipient Grants	9,453	9,453		9,453	
Emergency Vendor Payments	750	488		488	262

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
SOCIAL SERVICES (Continued)					
Children in Institutions					
Emergency Vendor Payments	\$ 22,310	\$ 20,026	\$ 1,676	\$ 21,702	\$ 608
Children in Foster Homes					
Recipient Grants	1,134	934		934	200
Purchased Services	7	2		2	5
Emergency Vendor Payments	175	175		175	
Juvenile Delinquents					
Emergency Vendor Payments	9,094	7,901	840	8,741	353
Training Schools					
Emergency Vendor Payments	2,100	2,100		2,100	
Children in Institutions - Title 4E					
Emergency Vendor Payments	2,569	1,062	1,168	2,230	339
Children in Foster Homes - Title 4E					
Recipient Grants	1,970	1,800		1,800	170
Emergency Vendor Payments	470	469		469	1
Subsidized Adoption					
Recipient Grants	3,867	3,397		3,397	470
Burials					
Emergency Vendor Payments	300	279		279	21
Medicaid					
Medicaid	300,215	300,215		300,215	
Home Energy Assistance					
Recipient Grants	1,500	1,382		1,382	118
Title-XX					
Purchased Services	52,361	36,645	8,235	44,880	7,481
Social Services Department Total	<u>526,267</u>	<u>488,345</u>	<u>23,087</u>	<u>511,432</u>	<u>14,835</u>
Veterans Service Agency					
Salaries	455	454		454	1
Fringe Benefits	241	241		241	
General Expenses	4	4		4	
Veterans Service Agency Total	<u>700</u>	<u>699</u>		<u>699</u>	<u>1</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
SOCIAL SERVICES (Continued)					
Youth Board					
Salaries	\$ 594	\$ 569	\$	\$ 569	\$ 25
Fringe Benefits	416	396		396	20
General Expenses	4	4		4	
Contractual Services	9,339	8,145	1,194	9,339	
Youth Board Total	<u>10,353</u>	<u>9,114</u>	<u>1,194</u>	<u>10,308</u>	<u>45</u>
<u>Total Social Services</u>	<u>562,825</u>	<u>518,640</u>	<u>28,099</u>	<u>546,739</u>	<u>16,086</u>
CORRECTIONS					
Correctional Center					
Salaries	98,437	98,437		98,437	
Fringe Benefits	23,370	23,370		23,370	
Equipment	236	84	76	160	76
Supplies	4,165	3,619	221	3,840	325
General Expenses	2,222	1,905	240	2,145	77
Contractual Services	20,568	18,250	2,188	20,438	130
Utility Costs	459	413	6	419	40
Correctional Center Total	<u>149,457</u>	<u>146,078</u>	<u>2,731</u>	<u>148,809</u>	<u>648</u>
Probation					
Administration					
Salaries	2,280	2,048		2,048	232
Fringe Benefits	1,173	1,123		1,123	50
Equipment	4	4		4	
General Expenses	33	32		32	1
Contractual Services	180		40	40	140
Interfund Charges	85	43		43	42
Criminal Division					
Salaries	10,511	10,511		10,511	
Fringe Benefits	4,016	4,016		4,016	
Equipment	7	4	1	5	2
General Expenses	806	297	253	550	256
Contractual Services	31		25	25	6
Family Division					
Salaries	4,122	4,041		4,041	81
Fringe Benefits	2,003	1,855		1,855	148
Equipment	1	1		1	
General Expenses	46	46		46	
Contractual Services	25	10		10	15

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
CORRECTIONS (Continued)					
Parole Board					
Salaries	\$ 45	\$ 6	\$	\$ 6	\$ 39
Fringe Benefits	3	1		1	2
Alternatives to Incarceration					
Salaries	1,187	1,095		1,095	92
Fringe Benefits	352	337		337	15
General Expenses	12	7		7	5
Probation Total	<u>26,922</u>	<u>25,477</u>	<u>319</u>	<u>25,796</u>	<u>1,126</u>
Total Corrections	<u>176,379</u>	<u>171,555</u>	<u>3,050</u>	<u>174,605</u>	<u>1,774</u>
EDUCATION					
Cooperative Extension Service	200	200		200	
East Meadow School District	318	318		318	
Public Library Services	270	90	180	270	
State School Tuition	4,171	4,171		4,171	
Total Education	<u>4,959</u>	<u>4,779</u>	<u>180</u>	<u>4,959</u>	
PAYMENTS FOR TAX CERTIORARI AND OTHER JUDGEMENTS					
		<u>175,474</u>	<u>(175,474)</u>		
OTHER EXPENDITURES					
Nassau Health Care Corporation	38,278	38,167	45	38,212	66
Aid to Towns and Cities	49,097	49,097		49,097	
Insurance on Buildings	880	876		876	4
Lido-Point Lookout Fire District	6	6		6	
Merit Award Board	4				4
Miscellaneous Contractual	543	28	513	541	2
Specialized Legal Services	395	6	389	395	
Rents	5,101	4,557	400	4,957	144
Reserve for Federal/State Disallowances	47	47		47	
Reserve for Contingencies	420	273	147	420	
SJK Foundation	4	4		4	
Suits and Damages	696	602		602	94
Unallocated Fringe Benefits	1,533	1,177	356	1,533	
Total Other Expenditures	<u>97,004</u>	<u>94,840</u>	<u>1,850</u>	<u>96,690</u>	<u>314</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

COMPARATIVE SCHEDULE OF ACTUAL EXPENDITURES
 VS. TOTAL BUDGETARY AUTHORITY
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTIONS	Total Budgetary Authority	Actual Expenditures	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
OTHER EXPENDITURES (Continued)					
Total Current	\$ 1,337,953	\$ 1,412,696	\$ (108,769)	\$ 1,303,927	\$ 34,026
DEBT SERVICE					
Expense of Loans	3,182	1,421	202	1,623	1,559
Total Debt Service	3,182	1,421	202	1,623	1,559
Total Expenditures	1,341,135	1,414,117	(108,567)	1,305,550	35,585
OPERATING TRANSFERS OUT					
Component Unit - Nassau County					
Industrial Development Agency	93	93		93	
Fire Commission Fund	1,036	1,036		1,036	
Debt Service Fund	227,287	227,287		227,287	
Technology Fund	7,100	7,100		7,100	
County Parks & Recreation Fund	43,199	43,199		43,199	
Police Department Headquarters Fund	93,373	93,373		93,373	
Total Operating Transfers Out	372,088	372,088		372,088	
TOTAL EXPENDITURES AND OPERATING TRANSFERS OUT	\$ 1,713,223	\$ 1,786,205	\$ (108,567)	\$ 1,677,638	\$ 35,585
*Appropriations per 2001 budget as adopted				\$ 1,631,141	
Outstanding encumbrances, January 1, 2001				56,949	
Supplemental appropriations				25,134	
Total Budgetary Authority				<u>\$ 1,713,223</u>	

(Concluded)

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific operations for which most of the revenue involved comes from tax and non-tax sources related to services rendered. These funds are as follows:

Police District Fund - This fund is used to provide police services to those areas of the County that do not maintain their own local police forces. Revenues are raised principally through a special real property tax levied only in those areas served by the County police. This fund does not include Police Department headquarters expenses which are funded through the Police Headquarters Fund.

Police Headquarters Fund - This fund is used to record all the costs of police headquarters. Revenues are raised principally through a special real property tax levied on a countywide basis. The Police Department headquarters services the entire County with all police services that the local police departments cannot provide.

Fire Prevention, Safety, Communication and Education Fund - This fund is used to enforce the Nassau County Fire Prevention Ordinance, coordinate services to the County's Volunteer Fire Departments, investigate arson and provide education at the EMT Academy. Revenues are raised primarily through a special real property tax levied on a countywide basis.

County Parks and Recreation Fund - This fund has been established to maintain parks, museums and all recreational facilities. The principal sources of revenue in this fund are user fees and through a special real property tax levied on a countywide basis.

Technology Fund - This fund accounts for the costs of information technology initiatives that will result in operational improvements and cost benefits.

NIFA Funds - These funds account for Transitional State Aid, which includes assistance for general County needs and targeted to assist the County in structuring its tax certiorari processing.

Sewage Disposal District Maintenance Fund - These are homogeneous funds in each sewage disposal district to finance the operating costs and debt service. The principal source of revenues in these funds is a special real property tax levied in each district for this purpose.

Sewage Collection Districts Maintenance Fund - This fund is comprised of separate sewage collection maintenance districts which finance the operating costs and debt service. The principal source of revenues in this fund is a special real property tax levied in each district for this purpose.

Grant Fund - This fund is used to account for each Federal and State grant in accordance with the terms of the grant agreement.

EXHIBIT B-1

COUNTY OF NASSAU, NEW YORK

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
DECEMBER 31, 2001 (Dollars in Thousands)

	Police District Fund	Police Headquarters Fund	Fire Prevention, Safety, Communication and Education Fund	County Parks and Recreation Fund	Technology Fund	NIFA General Fund	NIFA Special Revenue Fund	Sewage Disposal District #1 Maintenance Fund	Sewage Disposal District #2 Maintenance Fund	Sewage Disposal District #3 Maintenance Fund	Sewage Collection District Maintenance Fund	Grant Fund	Total
ASSETS													
Cash - Unrestricted	\$ 122	\$ 91	\$ 93	\$ 55	\$	\$ 533	\$ 4,897	\$ 18	\$	\$	\$ 21	\$ 22,188	\$ 28,018
Investments	15,312		4,040							25,902			45,254
Investments - Tax Anticipation Notes (TAN)/Revenue Anticipation Notes(RAN)						340,070							340,070
Sales Tax Receivable						90,281							90,281
Interest Receivable						4							4
Due From Other Governments	4,221	4,271	25	171								8,078	16,766
Due From Component Unit												43	43
Interfund Receivables	3,869	10,072	1	2,095	7,100			726	19,923	7,517	12,021	13,178	76,502
Other Assets	1,018	814	3	38		16		2	11	9		4	1,915
TOTAL ASSETS	\$ 24,542	\$ 15,248	\$ 4,162	\$ 2,359	\$ 7,100	\$ 430,904	\$ 4,897	\$ 746	\$ 19,934	\$ 33,428	\$ 12,042	\$ 43,491	\$ 598,853
LIABILITIES AND FUND BALANCES (DEFICITS)													
Liabilities:													
Accounts Payable	\$ 474	\$ 525	\$ 298	\$ 576	\$	\$	\$	\$	\$ 745	\$ 1,105	\$ 57	\$ 5,321	\$ 9,101
Accrued Liabilities	11,877	10,299	1,063	301		27	64		96	127	16	141	24,011
Bond Anticipation Notes (BAN) payable						340,070							340,070
Deferred Revenue		26					4,833						20,739
Interfund Payables	10,754	51	2,469	409		90,281		49	374	18,569		671	123,627
Due to Component Unit		11											11
Total Liabilities	23,105	10,912	3,830	1,286		430,378	4,897	49	1,215	19,801	73	22,013	517,559
Fund Balances (Deficits):													
Reserved for Encumbrances	1,437	4,336	97	1,073					5,199	3,801	958	73,852	90,753
Unreserved and Designated for Ensuing Year's Budget													
Unreserved			235		7,100	526		276	866	4,051	4,628	(52,374)	9,819
								421	12,654	5,775	6,385		(19,278)
Total Fund Balances	1,437	4,336	332	1,073	7,100	526	-	697	18,719	13,627	11,969	21,478	81,294
TOTAL LIABILITIES AND FUND BALANCES	\$ 24,542	\$ 15,248	\$ 4,162	\$ 2,359	\$ 7,100	\$ 430,904	\$ 4,897	\$ 746	\$ 19,934	\$ 33,428	\$ 12,042	\$ 43,491	\$ 598,853

EXHIBIT B-2

COUNTY OF NASSAU, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Police District Fund	Police Head- quarters Fund	Fire Prevention, Safety, Communication and Education Fund	County Parks and Recreation Fund	Technology Fund	NIFA General Fund	NIFA Special Revenue Fund	Sewage Disposal District #1 Maintenance Fund	Sewage Disposal District #2 Maintenance Fund	Sewage Disposal District #3 Maintenance Fund	Sewage Collection District Maintenance Fund	Grant Fund	Total
Revenues:													
Interest, Rents and Recoveries	\$ 316	\$ 234	\$ 4	\$ 588	\$	\$ 4,962	\$	\$	\$ 2	\$ 7	\$ 21	\$ 347	\$ 6,481
Departmental Revenue	3,756	5,694	2,273	13,915					5,404	3,796	4	1,719	36,561
Interdepartmental Revenue	316	429							514	265		1,099	2,623
Federal Aid	4,221	3,233	37									46,817	54,308
State Aid		10,000	175									51,933	62,108
State Aid from NIFA							25,167						25,167
Sales Tax						782,707							782,707
less:													
Transfer to Nassau County						760,579							760,579
Net Sales Tax						22,128							22,128
Property Taxes								60	57,177	47,567	38,192		561,484
Other Revenues	272,520	131,022	14,946	208									10,827
	10,619												
Total Revenues	281,129	161,231	17,435	14,711		27,090	25,167	60	63,097	51,635	38,217	101,915	781,687
Expenditures:													
Current:													
Judicial												477	477
General Administration						1,054						34,085	35,139
Protection of Persons	269,291	257,803	18,370									6,417	551,881
Health												40,888	40,888
Public Works								138	25,796	31,553	11,302	175	68,964
Recreation and Parks				58,295								344	58,639
Social Services												3,129	3,129
Corrections												344	344
Education												803	803
Total Current Expenditures	269,291	257,803	18,370	58,295		1,054		138	25,796	31,553	11,302	86,662	760,264
Debt Service:													
Expense of Loans						86							86
Total Debt Service						86							86
Total Expenditures	269,291	257,803	18,370	58,295		1,140		138	25,796	31,553	11,302	86,662	760,350
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,838	(96,572)	(935)	(43,584)		25,950	25,167	(78)	37,301	20,082	26,915	15,253	21,337
Other Financing Sources (Uses):													
Proceeds from Borrowings													
Operating Transfers in		97,196	1,036	43,199	7,100	392		31	385	468	3,091		152,898
Operating Transfers in of Investment Income								23	782	207	338		1,350
Operating Transfers to RAN													
Withholding Account	(3,822)					(2,812)							(2,812)
Operating Transfers Out						(25,704)	(25,167)	(1,289)	(23,602)	(19,806)	(29,564)		(128,954)
Other						2,216							2,216
Total Other Financing Sources (Uses)	(3,822)	97,196	1,036	43,199	7,100	(25,908)	(25,167)	(1,235)	(22,435)	(19,131)	(26,135)		24,698
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	8,016	624	101	(385)	7,100	42		(1,313)	14,866	951	780	15,253	46,035
Fund Balances (Deficits) Beginning of Year	(6,579)	3,712	231	1,458		484		2,010	3,853	12,676	11,189	6,225	35,259
Fund Balances End of Year	\$ 1,437	\$ 4,336	\$ 332	\$ 1,073	\$ 7,100	\$ 526	\$ -	\$ 697	\$ 18,719	\$ 13,627	\$ 11,969	\$ 21,478	\$ 81,294

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COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 POLICE DISTRICT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Interest, Rents and Recoveries	\$ 449	\$ 316	\$	\$ 316	\$ (133)
Departmental Revenue	4,026	3,756		3,756	(270)
Interdepartmental Revenue	300	316		316	16
Federal Aid	4,221	4,221		4,221	
Property Taxes	272,520	272,520		272,520	
Total Revenues	281,516	281,129		281,129	(387)
Expenditures:					
Salaries	193,530	193,530		193,530	
Fringe Benefits	51,552	51,462		51,462	90
Equipment	820	390	346	736	84
Other	25,237	23,909	1,091	25,000	237
Total Expenditures	271,139	269,291	1,437	270,728	411
Excess of Revenues Over Expenditures	10,377	11,838	(1,437)	10,401	24
Other Financing Uses:					
Operating Transfers Out	(3,822)	(3,822)		(3,822)	
Total Other Financing Uses	(3,822)	(3,822)		(3,822)	
Excess of Revenues Over Expenditures and Other Financing Uses	6,555	8,016	(1,437)	6,579	24
Fund Deficit Beginning of Year	(6,555)	(6,579)		(6,579)	(24)
Fund Balance End of Year	\$ -	\$ 1,437	\$ (1,437)	\$ -	\$ -

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 POLICE HEADQUARTERS FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Interest, Rents and Recoveries	\$ 551	\$ 234	\$	\$ 234	\$ (317)
Departmental Revenue	5,685	5,694		5,694	9
Interdepartmental Revenue	393	429		429	36
Federal Aid	3,233	3,233		3,233	
State Aid	10,000	10,000		10,000	
Property Taxes	131,022	131,022		131,022	
Other Revenues	11,379	10,619		10,619	(760)
Total Revenues	162,263	161,231		161,231	(1,032)
Expenditures:					
Salaries	177,101	177,101		177,101	
Fringe Benefits	47,846	47,843		47,843	3
Equipment	734	379	353	732	2
Other	36,710	32,480	3,983	36,463	247
Total Expenditures	262,391	257,803	4,336	262,139	252
Deficiency of Revenues Under Expenditures	(100,128)	(96,572)	(4,336)	(100,908)	(780)
Other Financing Sources:					
Operating Transfers In	96,415	97,196		97,196	781
Total Other Financing Sources	96,415	97,196		97,196	781
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(3,713)	624	(4,336)	(3,712)	1
Fund Balance Beginning of Year	3,713	3,712		3,712	(1)
Fund Balance End of Year	\$ -	\$ 4,336	\$ (4,336)	\$ -	\$ -

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
TOTAL BUDGETARY AUTHORITY AND ACTUAL
FIRE PREVENTION, SAFETY, COMMUNICATION AND EDUCATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Interest, Rents and Recoveries	\$	\$ 4	\$	\$ 4	\$ 4
Departmental Revenue	2,146	2,273		2,273	127
Federal Aid	10	37		37	27
State Aid	275	175		175	(100)
Property Taxes	14,946	14,946		14,946	
Total Revenues	17,377	17,435		17,435	58
Expenditures:					
Salaries	7,878	7,872		7,872	6
Fringe Benefits	2,008	2,008		2,008	
Equipment	133	62	31	93	40
Other	8,611	8,428	66	8,494	117
Total Expenditures	18,630	18,370	97	18,467	163
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,253)	(935)	(97)	(1,032)	221
Other Financing Sources:					
Operating Transfers In	1,036	1,036		1,036	
Total Other Financing Sources	1,036	1,036		1,036	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	(217)	101	(97)	4	221
Fund Balance Beginning of Year	217	231		231	14
Fund Balance End of Year	\$ -	\$ 332	\$ (97)	\$ 235	\$ 235

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 COUNTY PARKS AND RECREATION FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Interest, Rents and Recoveries	\$ 580	\$ 588	\$	\$ 588	\$ 8
Departmental Revenue	16,044	13,915		13,915	(2,129)
State Aid	50				(50)
Other Revenues	325	208		208	(117)
Total Revenues	16,999	14,711		14,711	(2,288)
Expenditures:					
Salaries	20,031	19,530		19,530	501
Fringe Benefits	9,593	9,537		9,537	56
Equipment	173	147	8	155	18
Other	33,929	29,081	1,065	30,146	3,783
Total Expenditures	63,726	58,295	1,073	59,368	4,358
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,727)	(43,584)	(1,073)	(44,657)	2,070
Other Financing Sources:					
Operating Transfers In	45,269	43,199		43,199	(2,070)
Total Other Financing Sources	45,269	43,199		43,199	(2,070)
Deficiency of Revenues and Other Financing Sources Under Expenditures	(1,458)	(385)	(1,073)	(1,458)	
Fund Balance Beginning of Year	1,458	1,458		1,458	
Fund Balance End of Year	\$ -	\$ 1,073	\$ (1,073)	\$ -	\$ -

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 TECHNOLOGY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Expenditures:					
Other Financing Sources:					
Operating Transfers In	\$ -	\$ 7,100	\$ -	\$ 7,100	\$ 7,100
Total Other Financing Sources		7,100		7,100	7,100
Excess of Revenues and Other Financing Sources Over Expenditures		7,100		7,100	7,100
Fund Balance Beginning of Year					
Fund Balance End of Year	\$ -	\$ 7,100	\$ -	\$ 7,100	\$ 7,100

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 SEWAGE DISPOSAL DISTRICT #1 MAINTENANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Interest, Rents and Recoveries	\$ 4	\$	\$	\$	\$
Property Taxes	60	60		60	(4)
Total Revenues	64	60		60	(4)
Expenditures:					
Salaries	15				15
Fringe Benefits	126	6		6	120
Other	272	132		132	140
Debt Service					
Interest	709				709
Total Expenditures	1,122	138		138	984
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,058)	(78)		(78)	980
Other Financing Sources (Uses):					
Operating Transfer In		31		31	31
Operating Transfer In of Investment Income	20	23		23	3
Operating Transfer Out	(1,289)	(1,289)		(1,289)	
Total Other Financing Sources (Uses)	(1,269)	(1,235)		(1,235)	34
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,327)	(1,313)		(1,313)	1,014
Fund Balance Beginning of Year	2,327	2,010		2,010	(317)
Fund Balance End of Year	\$ -	\$ 697	\$ -	\$ 697	\$ 697

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 SEWAGE DISPOSAL DISTRICT #2 MAINTENANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Interest, Rents and Recoveries	\$ 56	\$ 2	\$	\$ 2	\$ (54)
Departmental Revenue	4,968	5,404		5,404	436
Interdepartmental Revenue		514		514	514
Property Taxes	57,177	57,177		57,177	
Total Revenues	<u>62,201</u>	<u>63,097</u>		<u>63,097</u>	<u>896</u>
Expenditures:					
Salaries	9,587	8,710		8,710	877
Fringe Benefits	3,438	3,238		3,238	200
Equipment	133	81	20	101	32
Other	21,681	13,767	5,179	18,946	2,735
Debt Service					
Principal	2,483				2,483
Interest	463				463
Total Expenditures	<u>37,785</u>	<u>25,796</u>	<u>5,199</u>	<u>30,995</u>	<u>6,790</u>
Excess of Revenues Over Expenditures	<u>24,416</u>	<u>37,301</u>	<u>(5,199)</u>	<u>32,102</u>	<u>7,686</u>
Other Financing Sources (Uses):					
Operating Transfer In		385		385	385
Operating Transfer In of Investment Income	300	782		782	482
Operating Transfer Out	<u>(23,602)</u>	<u>(23,602)</u>		<u>(23,602)</u>	
Total Other Financing Sources (Uses)	<u>(23,302)</u>	<u>(22,435)</u>		<u>(22,435)</u>	<u>867</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,114	14,866	(5,199)	9,667	8,553
Fund Balance Beginning of Year	<u>(1,114)</u>	<u>3,853</u>		<u>3,853</u>	<u>4,967</u>
Fund Balance End of Year	<u>\$ -</u>	<u>\$ 18,719</u>	<u>\$ (5,199)</u>	<u>\$ 13,520</u>	<u>\$ 13,520</u>

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 SEWAGE DISPOSAL DISTRICT #3 MAINTENANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Interest, Rents and Recoveries	\$ 96	\$ 7	\$	\$ 7	\$ (89)
Departmental Revenue	3,793	3,796		3,796	3
Interdepartmental Revenue		265		265	265
Property Taxes	47,567	47,567		47,567	
Total Revenues	51,456	51,635		51,635	179
Expenditures:					
Salaries	11,192	10,222		10,222	970
Fringe Benefits	3,585	3,512		3,512	73
Equipment	86	55	20	75	11
Other	22,870	17,764	3,781	21,545	1,325
Debt Service					
Principal	219				219
Interest	3,450				3,450
Total Expenditures	41,402	31,553	3,801	35,354	6,048
Excess of Revenues Over Expenditures	10,054	20,082	(3,801)	16,281	6,227
Other Financing Sources (Uses):					
Operating Transfer In		468		468	468
Operating Transfer In of Investment Income	130	207		207	77
Operating Transfer Out	(19,806)	(19,806)		(19,806)	
Total Other Financing Sources (Uses)	(19,676)	(19,131)		(19,131)	545
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(9,622)	951	(3,801)	(2,850)	6,772
Fund Balance Beginning of Year	9,622	12,676		12,676	3,054
Fund Balance End of Year	\$ -	\$ 13,627	\$ (3,801)	\$ 9,826	\$ 9,826

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 SEWAGE COLLECTION DISTRICTS MAINTENANCE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Total Budgetary Authority	Actual	GAAP to Budgetary Basis Conversion	Actual on a Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:					
Interest, Rents and Recoveries	\$ 3	\$ 21	\$	\$ 21	\$ 18
Departmental Revenue		4		4	4
Property Taxes	38,192	38,192		38,192	
Total Revenues	38,195	38,217		38,217	22
Expenditures:					
Equipment	6	5		5	1
Other	13,610	11,297	958	12,255	1,355
Debt Service					
Principal	2,176				2,176
Interest	856				856
Total Expenditures	16,648	11,302	958	12,260	4,388
Excess of Revenues Over Expenditures	21,547	26,915	(958)	25,957	4,410
Other Financing Sources (Uses):					
Operating Transfer In		3,091		3,091	3,091
Operating Transfer In of Investment Income	242	338		338	96
Operating Transfer Out	(29,564)	(29,564)		(29,564)	
Total Other Financing Sources (Uses)	(29,322)	(26,135)		(26,135)	3,187
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(7,775)	780	(958)	(178)	7,597
Fund Balance Beginning of Year	7,775	11,189		11,189	3,414
Fund Balance End of Year	\$ -	\$ 11,969	\$ (958)	\$ 11,011	\$ 11,011

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF EXPENDITURES BY COUNTY DEPARTMENTS AND OFFICES
 TOTAL BUDGETARY AUTHORITY AND ACTUAL
 GRANT FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001
 (INCLUDING LIFETIME ACTIVITY THROUGH DECEMBER 31, 2001) (Dollars in Thousands)

County Departments, Offices and Boards	Total Budgetary Authority	All Prior Years' Actual Expenditures	Remaining Budgetary Authority January 1, 2001	2001 Actual Expenditures	Remaining Budgetary Authority December 31, 2001
Affirmative Action	\$ 1,240	\$ 1,140	\$ 100	\$	\$ 100
Assessment	13,000	11,257	1,743	108	1,635
CASA	606	451	155	29	126
Community College	16,530	11,334	5,196	803	4,393
Correctional Center	5,303	4,233	1,070	344	726
County Attorney	295	295			
County Comptroller	805	446	359		359
Criminal Justice Coordinating Council	46,997	39,151	7,846	2,435	5,411
Cultural Development	441	438	3		3
District Attorney	6,289	4,164	2,125	416	1,709
Drug and Alcohol	580,895	392,247	188,648	20,366	168,282
Fire Commission	79	64	15		15
General Services	415	333	82	2	80
Health	82,454	47,104	35,350	11,485	23,865
Housing and Inter- governmental Affairs	434,432	337,177	97,255	33,516	63,739
Human Rights	1,744	1,626	118		118
Labor	50	46	4		4
Medical Center	5,119	188	4,931		4,931
Medical Examiner	376	63	313	61	252
Mental Health	157,014	106,151	50,863	9,037	41,826
Planning	21,253	15,985	5,268	459	4,809
Police	38,739	24,420	14,319	2,051	12,268
Probation	23,573	20,638	2,935		2,935
Public Works	14,351	12,563	1,788	175	1,613
Recreation and Parks	2,365	1,702	663	344	319
Senior Citizen Affairs	54,730	49,816	4,914	1,948	2,966
Sheriff	66	55	11		11
Social Services	6,844	5,828	1,016		1,016
Traffic Safety Board	36,590	32,331	4,259	1,931	2,328
Veterans Services	60	60			
Women's Services	195	148	47		47
Youth Board	28,553	21,708	6,845	1,152	5,693
Total	\$ 1,581,403	\$ 1,143,162	\$ 438,241	\$ 86,662	\$ 351,579

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CAPITAL PROJECTS FUNDS

Capital projects funds are established to account for the cost of capital construction throughout the County. Their principal source of revenue is from the sale of bonds and from General Fund appropriations. These funds are as follows:

Capital Fund - This fund is used to account for the construction of general County capital projects intended to benefit the County as a whole.

NIFA Capital Projects Fund - This fund is used to account for resources to be transferred to the County for financeable costs.

Sewage Disposal District Construction Funds - These are homogeneous funds in each sewage disposal district used to account for the construction of capital projects in each district.

Sewage Collection Districts Construction Fund - This fund is used to account for the construction of capital projects in each sewage collection district.

COUNTY OF NASSAU, NEW YORK

EXHIBIT C-1

COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2001 (Dollars in Thousands)

ASSETS	Capital Fund	NIFA Capital Projects Fund	Sewage Disposal District Construction Funds	Sewage Collection Districts Construction Fund	Total
Cash	\$ 1,758	\$ 141,434	\$ 88	\$ 117	\$ 143,397
Investments	148,990		20,863	3,589	173,442
Interest Receivable		77			77
Due from Other Governments	4,570		22,875	3,031	30,476
Interfund Receivables			18,395		18,395
TOTAL ASSETS	\$ 155,318	\$ 141,511	\$ 62,221	\$ 6,737	\$ 365,787
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 13,886	\$	\$ 2,783	\$ 241	\$ 16,910
Accrued Liabilities		51			51
Bond Anticipation Notes Payable		125,895			125,895
Interfund Payables	23,272	77	19,316	289	42,954
State Revolving Fund Loan				2,696	2,696
Total Liabilities	37,158	126,023	22,099	3,226	188,506
Fund Balances (Deficits):					
Reserved for Retirement of Temporary Financing	7,289		8,482	947	16,718
Reserved for State Revolving Fund	2,739		10,573	335	13,647
Reserved for Encumbrances	87,375		30,249	2,978	120,602
Unreserved	20,757	15,488	(9,182)	(749)	26,314
Total Fund Balances	118,160	15,488	40,122	3,511	177,281
TOTAL LIABILITIES AND FUND BALANCES	\$ 155,318	\$ 141,511	\$ 62,221	\$ 6,737	\$ 365,787

COUNTY OF NASSAU, NEW YORK

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)**

	Capital Fund	NIFA Capital Projects Fund	Sewage Disposal District Construction Funds	Sewage Collection Districts Construction Fund	Total
Revenues:					
Interest, Rents and Recoveries	\$ 11,650	\$ 5,210	\$ 924	\$ 325	\$ 18,109
Federal Aid	912		12,606		13,518
State Aid	6,932				6,932
Other	961				961
Total Revenues	<u>20,455</u>	<u>5,210</u>	<u>13,530</u>	<u>325</u>	<u>39,520</u>
Expenditures:					
Capital Outlay:					
General County	232,613				232,613
Sewage Districts			12,258	1,649	13,907
Cost of Issuance		448			448
Total Expenditures	<u>232,613</u>	<u>448</u>	<u>12,258</u>	<u>1,649</u>	<u>246,968</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(212,158)</u>	<u>4,762</u>	<u>1,272</u>	<u>(1,324)</u>	<u>(207,448)</u>
Other Financing Sources (Uses):					
Operating Transfers Out	(12,237)	(347,147)	(884)	(3,091)	(363,359)
Operating Transfers Out of Investment Income	(11,783)		(1,012)	(338)	(13,133)
Operating Transfers In from NIFA	57,475		7,778	306	65,559
Other Sources		340			340
Proceeds from Borrowings		181,480			181,480
Total Other Financing Sources (Uses)	<u>33,455</u>	<u>(165,327)</u>	<u>5,882</u>	<u>(3,123)</u>	<u>(129,113)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(178,703)</u>	<u>(160,565)</u>	<u>7,154</u>	<u>(4,447)</u>	<u>(336,561)</u>
Fund Balances at Beginning of Year	<u>296,863</u>	<u>176,053</u>	<u>32,968</u>	<u>7,958</u>	<u>513,842</u>
Fund Balances at End of Year	<u>\$ 118,160</u>	<u>\$ 15,488</u>	<u>\$ 40,122</u>	<u>\$ 3,511</u>	<u>\$ 177,281</u>

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from the County's resources.

COUNTY OF NASSAU, NEW YORK

COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 DECEMBER 31, 2001 (Dollars in Thousands)

ASSETS	Debt Service Fund	NIFA Debt Service Fund	Total
Cash	\$	\$ 2	\$ 2
Investments		5,675	5,675
Interfund Receivables	<u>10,103</u>	<u>5,658</u>	<u>15,761</u>
TOTAL ASSETS	<u>\$ 10,103</u>	<u>\$ 11,335</u>	<u>\$ 21,438</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accrued Liabilities	<u>\$</u>	<u>\$ 11,317</u>	<u>\$ 11,317</u>
Total Liabilities		<u>11,317</u>	<u>11,317</u>
<u>Fund Balances:</u>			
Unreserved	<u>10,103</u>	<u>18</u>	<u>10,121</u>
Total Fund Balances	<u>10,103</u>	<u>18</u>	<u>10,121</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,103</u>	<u>\$ 11,335</u>	<u>\$ 21,438</u>

COUNTY OF NASSAU, NEW YORK

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Debt Service Fund	NIFA Debt Service Fund	Total
Revenues:			
Interest Income	\$	\$ 207	\$ 207
Unrealized gain on investments	<u> </u>	<u>18</u>	<u>18</u>
Total Revenues	<u> </u>	<u>225</u>	<u>225</u>
Expenditures:			
Principal	186,383		186,383
Interest	<u>154,492</u>	<u>24,400</u>	<u>178,892</u>
Total Debt Service	<u>340,875</u>	<u>24,400</u>	<u>365,275</u>
Total Expenditures	<u>340,875</u>	<u>24,400</u>	<u>365,275</u>
Deficiency of Revenues Under Expenditures	<u>(340,875)</u>	<u>(24,175)</u>	<u>(365,050)</u>
Other Financing Sources (Uses):			
Operating Transfers Out		(130)	(130)
Operating Transfers In	<u>301,547</u>	<u>24,151</u>	<u>325,698</u>
Total Other Financing Sources (Uses)	<u>301,547</u>	<u>24,021</u>	<u>325,568</u>
Deficiency of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(39,328)	(154)	(39,482)
Fund Balances at Beginning of Year	<u>49,431</u>	<u>172</u>	<u>49,603</u>
Fund Balances at End of Year	<u>\$ 10,103</u>	<u>\$ 18</u>	<u>\$ 10,121</u>

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

AGENCY FUND

The Agency Fund is used to account for resources received and held by the County as the agent for others. Use of this fund facilitates the discharge of responsibilities placed upon the County by law or other authority. Individual accounts are maintained for all other escrow-type and fiduciary amounts required by law or other authority in administering such monies received by the County.

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Balance January 1, 2001	Additions	Deductions	Balance December 31, 2001
ASSETS:				
Cash	\$ 8,439	\$ 2,380,478	\$ 2,365,890	\$ 23,027
Investments	54	1,941,006	1,941,060	
Interfund Receivables	1,758	86,594	86,468	1,884
Due From Component Unit	39,356	70,463	49,754	60,065
Other Assets	1,150	1,952	945	2,157
TOTAL ASSETS	<u>\$ 50,757</u>	<u>\$ 4,480,493</u>	<u>\$ 4,444,117</u>	<u>\$ 87,133</u>
LIABILITIES:				
Accounts Payable	\$ 5,475	\$ 34,505	\$ 39,726	\$ 254
Interfund Payables	550	382,057	345,973	36,634
Other Liabilities	44,732	1,216,497	1,210,984	50,245
TOTAL LIABILITIES	<u>\$ 50,757</u>	<u>\$ 1,633,059</u>	<u>\$ 1,596,683</u>	<u>\$ 87,133</u>

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF CHANGES IN OTHER LIABILITIES

AGENCY FUND

FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

	Balance January 1, 2001	Additions	Deductions	Balance December 31, 2001
Active Trust Fund	\$ 169	\$ 9,559	\$ 9,554	\$ 174
Benefit Plan Administrator	2,748	387	308	2,827
Bid Deposits	264	37	35	266
Cash Bail	7,470	10,420	9,210	8,680
Cash Performance Bonds	1,789	859	1,463	1,185
Cedarmere Estates Trust	100			100
Community College Escrow	12	28	26	14
Contractors' Cash Bond Escrow	858	363	140	1,081
Court and Trust Funds	9,352	6,851	4,787	11,416
Dental Insurance	136	7,271	7,263	144
Dog License Fees	11			11
Eggers College Settlement	1,287	50		1,337
Estate Suspense Account	137	437	405	169
Federal Withholding Taxes	1,353	175,525	175,306	1,572
FICA Refunds	1,350	168	160	1,358
Flex Benefit Plan	157	605	525	237
Health Insurance	(11,494)	159,865	160,509	(12,138)
Highway Deposits	783	523	559	747
Home Improvement Restitution Fund	465	60	17	508
Incidental Trust Fund - Department of Social Services	257	273	212	318
Mortgage Taxes	6,225	47,185	43,893	9,517
Natural Resource Fund	319			319
New York City Withholding Taxes	162	987	1,116	33
New York State Withholding Taxes	1,979	52,995	53,103	1,871
Optical Insurance	163	1,833	1,859	137
Payments in Lieu of Taxes	3,387	10,610	13,997	
Payroll Deductions		99,033	99,033	
Payroll Deferred Compensation	480	53,559	53,590	449
Plans and Specification Deposits	42			42
Police Termination Pay	128			128
Public Works Retainage - Cash	217			217
Public Works Retainage - Bonds	1,150	1,952	945	2,157
Real Estate Escrow	164			164
Reimbursements	39	4		43
Retirement System	318	63,870	66,340	(2,152)
Short-Term Trust	3	4,031	4,035	(1)
Social Security Taxes	2,129	141,820	142,507	1,442
Tax Redemptions	374	33,785	32,865	1,294
TIAA/CREF Payroll Deductions	598	5,608	5,617	589
TIAA Escrow	56	181	136	101
Traffic Violations Clearing Account	3,569	15,331	14,658	4,242
Unclaimed Admissions - Coliseum	18			18
Unclaimed Matured Bonds and Coupons	2,503	301,608	300,878	3,233
Unemployment Insurance	61	400	372	89
United States Savings Bonds	63	919	941	41
Unsettled Tax Payments - Bankrupt	1,926	4,871	2,477	4,320
All Other Liabilities	1,455	2,634	2,143	1,946
Total Agency Fund	\$ 44,732	\$ 1,216,497	\$ 1,210,984	\$ 50,245

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES
GENERAL FIXED ASSETS ACCOUNT GROUP**

The General Fixed Assets Account Group is used to record the fixed assets of the County.

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

FUNCTION & ACTIVITY	January 1, 2001	Additions	Deletions	December 31, 2001
LEGISLATIVE				
Legislature	\$ 87	\$ 2	\$	\$ 89
<u>Total Legislative</u>	<u>87</u>	<u>2</u>		<u>89</u>
JUDICIAL				
Court Administration	73,211	1,078		74,289
District Attorney	1,704	211		1,915
Medical Examiner	11,914	162		12,076
Public Administrator	14	8		22
Sheriff	9			9
Traffic & Parking Violations	24			24
<u>Total Judicial</u>	<u>86,876</u>	<u>1,459</u>		<u>88,335</u>
GENERAL ADMINISTRATION				
Assessment	1,355			1,355
Board of Elections	322	26		348
Civil Service	158			158
Commerce and Industry	6		6	
County Attorney	89	11		100
County Comptroller	59	6		65
County Executive	4,225	810		5,035
County Treasurer	133			133
General Services	37,286	2,680	427	39,539
Housing and Intergovernmental Affairs	88			88
Labor Relations	6	6		12
Office of Purchasing		4		4
Management and Budgets	6		6	
Personnel	62			62
Planning	17,831	22		17,853
Veterans' Services Agency	60			60
Unclassified	6,873	48		6,921
<u>Total General Administration</u>	<u>68,559</u>	<u>3,613</u>	<u>439</u>	<u>71,733</u>
PROTECTION OF PERSONS				
Affirmative Action		1		1
Commission on Human Rights	25			25
Commissioner of Accounts	288			288
Consumer Affairs	19			19
County Clerk	451		27	424
Fire Commission	11,472	225		11,697
Physically Challenged		4		4
Police Department	77,007	11,710	180	88,537
Traffic Safety Board	226	50		276
Unclassified	10,723			10,723
<u>Total Protection of Persons</u>	<u>100,211</u>	<u>11,990</u>	<u>207</u>	<u>111,994</u>
HEALTH				
Drug and Alcohol Addiction	50			50
Health Department	5,910	1,528		7,438
Mental Health	61			61
Unclassified	129			129
<u>Total Health</u>	<u>6,150</u>	<u>1,528</u>		<u>7,678</u>

(Continued)

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands) (Continued)

FUNCTION & ACTIVITY	January 1, 2001	Additions	Deletions	December 31, 2001
PUBLIC WORKS				
Public Works	\$ 209,085	\$ 235,905		\$ 444,990
Unclassified	27			27
Total Public Works	209,112	235,905		445,017
RECREATION AND PARKS				
Coliseum	672			672
Cultural Development	25		25	
Recreation and Parks	140,420	6,245	8	146,657
Unclassified	1,221			1,221
Total Recreation and Parks	142,338	6,245	33	148,550
SOCIAL SERVICES				
CASA	15			15
Senior Citizens Affairs	259	9		268
Social Services Department	22,616	30		22,646
Women's Services	23			23
Youth Board	101	62		163
Unclassified	326			326
Total Social Services	23,340	101		23,441
CORRECTIONS				
Correctional Center	188,889	1,444		190,333
Probation	207			207
Total Corrections	189,096	1,444		190,540
OTHER EXPENDITURES				
Metropolitan Suburban Bus Authority	125,048	2,844		127,892
Metropolitan Transportation Authority		140,000		140,000
Miscellaneous Unclassified	197,108			197,108
Total Other Expenditures	322,156	142,844		465,000
CONSTRUCTION IN PROGRESS				
	447,918	18,570	251,385	215,103
TOTAL GENERAL FIXED ASSETS	\$ 1,595,843	\$ 423,701	\$ 252,064	\$ 1,767,480

COUNTY OF NASSAU, NEW YORK

EXHIBIT E-2

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
 DECEMBER 31, 2001
 (Dollars in Thousands)

FUNCTION & ACTIVITY	Land	Land Improvements	Buildings	Equipment	Total
LEGISLATIVE					
Legislature	\$	\$	\$ 2	\$ 87	89
Total Legislative			2	87	89
JUDICIAL					
Court Administration	2,593	716	70,869	111	74,289
District Attorney			916	999	1,915
Medical Examiner			10,046	2,030	12,076
Public Administrator			8	14	22
Sheriff				9	9
Traffic & Parking Violations				24	24
Total Judicial	2,593	716	81,839	3,187	88,335
GENERAL ADMINISTRATION					
Assessment				1,355	1,355
Board of Elections				348	348
Civil Service				158	158
County Attorney			100		100
County Comptroller			6	59	65
County Executive			5,017	18	5,035
County Treasurer				133	133
General Services			597	38,942	39,539
Housing and Intergovernmental Affairs				88	88
Labor Relations			6	6	12
Office of purchasing			4		4
Personnel				62	62
Planning			254	17,599	17,853
Veterans' Services Agency				60	60
Unclassified			6,921		6,921
Total General Administration			12,905	58,828	71,733
PROTECTION OF PERSONS					
Affirmative Action			1		1
Commission on Human Rights				25	25
Commissioner of Accounts				288	288
Consumer Affairs				19	19
County Clerk				424	424
Fire Commission			9,920	1,777	11,697
Physically Challenged			4		4
Police Department	4,251	190	25,249	58,847	88,537
Traffic Safety Board				276	276
Unclassified	4,863		5,860		10,723
Total Protection of Persons	9,114	190	41,034	61,656	111,994
HEALTH					
Drug and Alcohol Addiction				50	50
Health Department	475		3,484	3,479	7,438
Mental Health				61	61
Unclassified			129		129
Total Health	475		3,613	3,590	7,678

(Continued)

COUNTY OF NASSAU, NEW YORK

SCHEDULE OF GENERAL FIXED ASSETS - BY FUNCTION AND ACTIVITY
 DECEMBER 31, 2001
 (Dollars in Thousands) (Continued)

FUNCTION & ACTIVITY	Land	Land Improvements	Buildings	Equipment	Total
PUBLIC WORKS					
Public Works	\$ 10,797	\$ 742	\$ 377,573	\$ 55,878	\$ 444,990
Unclassified			27		27
Total Public Works	10,797	742	377,600	55,878	445,017
RECREATION AND PARKS					
Coliseum			336	336	672
Recreation and Parks	23,915	42,643	66,511	13,588	146,657
Unclassified			1,221		1,221
Total Recreation and Parks	23,915	42,643	68,068	13,924	148,550
SOCIAL SERVICES					
CASA				15	15
Senior Citizens Affairs			1	267	268
Social Services Department	545	2,642	18,273	1,186	22,646
Women's Services				23	23
Youth Board				163	163
Unclassified			326		326
Total Social Services	545	2,642	18,600	1,654	23,441
CORRECTIONS					
Correctional Center			182,988	7,345	190,333
Probation				207	207
Total Corrections			182,988	7,552	190,540
OTHER EXPENDITURES					
Metropolitan Suburban Bus Authority			26,409	101,483	127,892
Metropolitan Transportation Authority				140,000	140,000
Miscellaneous Unclassified	56,774	6,359	133,975		197,108
Total Other Expenditures	56,774	6,359	160,384	241,483	465,000
CONSTRUCTION IN PROGRESS					215,103
TOTAL GENERAL FIXED ASSETS	\$ 104,213	\$ 53,292	\$ 947,033	\$ 447,839	\$ 1,767,480

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

GENERAL LONG - TERM DEBT ACCOUNT GROUP

The General Long -Term Debt Account Group is used to record to record the outstanding principal balances of the general long-term obligations of the County. This includes serial bonds outstanding, noncurrent liability for compensated absences, deferred payroll, early retirement incentives and estimates for other types of legal and tax liabilities.

COUNTY OF NASSAU, NEW YORK

 COMBINING BALANCE SHEET
 GENERAL LONG-TERM OBLIGATIONS
 DECEMBER 31, 2001 (Dollars in Thousands)

<u>ASSETS</u>	<u>General Long-Term Obligations</u>	<u>NIFA General Long-Term Obligations</u>	<u>Total</u>
Amounts available in debt service fund	\$ 19,499	\$ 18	\$ 19,517
Amount to be Provided for General Long-Term Obligations	<u>3,331,706</u>	<u>436,399</u>	<u>3,768,105</u>
TOTAL ASSETS	<u>\$ 3,351,205</u>	<u>\$ 436,417</u>	<u>\$ 3,787,622</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Deferred Payroll	\$ 41,029	\$	\$ 41,029
Serial Bonds Payable	2,323,634	436,200	2,759,834
Accrued Vacation and Sick Pay	423,777	217	423,994
Estimated Malpractice Liability	15,265		15,265
Estimated Tax Certiorari Payable	400,000		400,000
Estimated Liability for Litigation	<u>147,500</u>		<u>147,500</u>
Total Liabilities	<u>3,351,205</u>	<u>436,417</u>	<u>3,787,622</u>
 <u>Fund Balances:</u>			
Unreserved	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,351,205</u>	<u>\$ 436,417</u>	<u>\$ 3,787,622</u>

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

CASH IN BANKS

The schedule on the following page sets forth the County's cash balances by fund and by depository bank at December 31, 2001.



COUNTY OF NASSAU, NEW YORK

SCHEDULE OF CASH IN BANKS*
ALL FUNDS OF THE PRIMARY GOVERNMENT
DECEMBER 31, 2001 (Dollars in Thousands)

CASH BALANCES BY FUND:

General Fund		\$ 132,678
Special Revenue Funds:		
Police District	\$ 122	
Police Headquarters	91	
Fire Prevention, Safety, Communication and Education	93	
County Parks	55	
NIFA General Fund	533	
NIFA Special Revenue Fund	4,897	
Sewage Disposal Districts - Maintenance	18	
Sewage Collection Districts - Maintenance	21	
Grant Fund	22,188	
Total Special Revenue Funds		28,018
Capital Projects Funds:		
Capital	1,758	
Sewage Collection Districts - Construction	117	
Sewage Disposal Districts - Construction	88	
NIFA	141,434	
Total Capital Projects Funds		143,397
Debt Service Fund		2
Agency Fund		23,027
TOTAL CASH BALANCES BY FUNDS		\$ 327,122

CASH BALANCES BY BANK:

Bank of New York	\$ 868
Chase Manhattan Bank	78,944
Citibank	16,559
Fleet Bank, N.A.	80,538
North Fork Bank	1,125
US Trust - NIFA	1,441
Fleet Bank, N.A. - NIFA	141,442
US Trust	5,425
Petty Cash	780
TOTAL CASH BALANCES BY BANK	\$ 327,122

*See Exhibit X-9 Note 2, Deposits and Investments

PART III

STATISTICAL DATA

This section contains comprehensive statistical data for the County, and includes in some cases statistical information for the towns, cities, villages, school districts, and special districts which are not part of the County reporting entity. It is intended to provide readers of this report with a broader and more complete understanding of the County and its financial affairs than is possible from the financial statements and schedules included in the Financial Section. Many tables in this section cover several fiscal years for comparison purposes, and may present data from outside of the County's accounting records.

COUNTY OF NASSAU, NEW YORK

ALL GOVERNMENTAL FUND TYPES OF THE PRIMARY GOVERNMENT(a)
 TOTAL EXPENDITURES(b)
 FOR THE FISCAL PERIODS ENDED IN 1992 THROUGH 2001 (Dollars in Thousands)

	2001	2000	1999	1998	1997
Governmental Funds					
General Fund					
Legislative	\$ 5,643	\$ 5,232	\$ 5,012	\$ 5,331	\$ 4,896
Judicial	45,752	41,671	41,184	40,294	37,396
General Administration	179,530	171,575	164,029	160,327	154,584
Protection of Persons	10,088	9,985	10,380	10,271	9,629
Health	162,353	145,904	150,854	154,184	141,648
Public Works	44,039	41,307	43,726	41,371	40,679
Recreation and Parks	3	797	954	993	1,170
Social Services	518,640	499,740	475,762	466,395	439,427
Corrections	171,555	143,723	144,130	140,880	131,533
Education	4,779	5,354	5,066	5,274	4,871
Payments for Tax Certiorari and Other Judgments (e)	175,474	122,890	104,730	147,212	116,815
Other	94,840	84,354	76,118	57,446	51,066
Debt Service:					
Principal			273,573	347,624	165,080
Interest	1,421	2,074	111,099	106,027	94,814
Total General Fund	1,414,117	1,274,606	1,606,617	1,683,629	1,393,608
Special Revenue Funds					
Judicial	477	759	135	619	1,158
General Administration	35,139	23,954	28,003	19,820	21,676
Protection of Persons	551,881	535,294	504,416	477,657	453,674
Health	40,888	45,779	33,160	39,388	38,122
Public Works	68,964	64,437	61,894	57,255	60,948
Recreation and Parks	58,639	56,124	56,979	52,978	43,456
Social Services	3,129	2,356	3,441	3,273	2,684
Corrections	344	641	318	1,006	1,307
Education	803	914	750	721	686
Debt Service:					
Principal			50,691	68,671	49,044
Interest			26,847	27,946	29,817
Cost of Issuance	86	191			
Total Special Revenue Funds	760,350	730,449	766,634	749,334	702,572
Debt Service Fund (f)					
Debt Service:					
Principal	186,383	218,747			
Interest	178,892	134,530			
Total Debt Service Fund	365,275	353,277			
Capital Projects Funds					
	246,968	136,872	185,298	177,185	221,206
Total Governmental Funds	\$ 2,786,710	\$ 2,495,204	\$ 2,558,549	\$ 2,610,148	\$ 2,317,386

- (a) For the periods 1993 and subsequent, the expenditures relating to the Community College are excluded and reported separately as a component unit using the governmental model.
- (b) For the periods 1992 through 1999 the debt service expenditures of the General Fund included expenditures for the debt service of the Enterprise Funds. In the other periods presented, the General Fund has accounted for payments of debt service on behalf of the Enterprise Funds as operating transfers. Additionally, as of September 29, 1999, the Nassau County Medical Center, A. Holly Patterson Geriatric Center, and Nassau County health clinics were sold to the Nassau Health Care Corporation. For fiscal periods prior to the sale, expenditures for the Medical Center and Geriatric Center are reported as Enterprise Fund transactions, expenditures for the health clinics are reported in the General Fund. Subsequent to the sale, expenditures for these entities are reported as component unit transactions.
- (c) 1996 data indicates expenditures for the fifteen month fiscal period ended December 31, 1996.
- (d) 1995 data indicates expenditures for the nine month fiscal period ended September 30, 1995.
- (e) For periods prior to 1997, payments for Tax Certiorari and Other Judgments were reported as an other financing use.
- (f) In 2000, a debt service fund was established to account for debt service activity for both the County and NIFA. In previous fiscal years this activity was identified within the General Fund and Special Revenue Funds.

EXHIBIT T-1

1996(c)	1995(d)	1994	1993	1992
\$ 5,054	\$ 1,715	\$ 2,967	\$ 2,163	\$ 1,958
44,782	26,079	31,121	28,126	28,956
134,827	79,914	94,646	85,223	89,111
11,921	6,846	8,548	8,796	15,367
166,677	96,927	116,954	106,891	102,256
32,286	20,639	23,849	22,501	27,088
38,897	22,856	28,401	26,896	36,153
515,120	287,045	374,353	324,946	293,799
154,549	88,645	116,925	109,640	102,203
5,342	4,298	3,267	5,072	7,955
137,282	84,898	99,201	99,926	106,308
205,384	94,546	126,026	114,555	100,906
107,529	54,706	64,651	61,424	65,147
1,559,650	869,114	1,090,909	996,159	977,207
427	289	316		
25,690	16,100	24,025	27,204	17,199
553,594	316,753	390,714	338,079	338,531
43,000	34,279	39,472	39,756	39,654
93,725	55,001	70,449	67,236	67,285
80	37	43	18	10
3,674	2,398	2,669	1,932	1,850
2,704	1,284	1,871	2,174	1,308
873	456	601	638	96,188
56,136	36,944	38,906	37,317	33,745
37,804	23,811	30,646	29,548	36,237
817,707	487,352	599,712	543,902	632,007
249,207	131,811	120,129	340,148	234,815
\$ 2,626,564	\$ 1,488,277	\$ 1,810,750	\$ 1,880,209	\$ 1,844,029

COUNTY OF NASSAU, NEW YORK

ALL GOVERNMENTAL FUND TYPES OF THE PRIMARY GOVERNMENT(a)

TOTAL REVENUES

FOR THE FISCAL PERIODS ENDED IN 1992 THROUGH 2001 (Dollars in Thousands)

	2001	2000	1999	1998	1997
Governmental Funds					
General Fund					
Interest and Penalties on Taxes	\$ 19,014	\$ 13,297	\$ 9,006	\$ 10,036	\$ 12,549
Gifts and Donations		2	10		
Licenses and Permits	4,276	3,653	4,033	2,878	3,445
Fines and Forfeits	11,802	9,941	9,954	8,104	8,853
Interest, Rents and Recoveries	49,387	81,264	238,810	23,316	35,450
Departmental Revenue	127,275	149,233	77,766	42,162	41,242
Interdepartmental Revenue	101,196	105,289	108,545	130,435	103,476
Federal Aid	102,767	105,153	97,908	95,685	86,399
State Aid	189,917	185,958	170,725	178,151	176,075
Sales Tax	762,966	756,111	720,395	678,017	655,830
Preempted Sales Tax in Lieu of Property Taxes	43,717	42,570	37,830	37,499	38,164
Property Taxes	145,100	72,455	68,529	73,560	81,853
Payments in Lieu of Taxes	3,450	2,329	1,392	1,156	230
Special Taxes(d)	8,259	5,518	9,370	3,063	3,216
Other Revenues(d)	1,635	4,983	2,321	389	450
Total General Fund	1,570,761	1,537,756	1,556,594	1,284,451	1,247,232
Special Revenue Funds					
Interest, Rents and Recoveries	6,481	6,791	8,452	809	1,074
Departmental Revenue	36,561	32,352	30,484	30,165	26,874
Interdepartmental Revenue	2,623	2,557	2,216	2,074	3,690
Federal Aid	54,308	33,705	50,656	34,189	44,702
State Aid	62,108	52,168	21,800	35,974	24,443
State Aid from NIFA	25,167	25,000			
Sales Tax	22,128	4,721			
Property Taxes	561,484	567,606	526,345	494,711	496,224
Other Revenues	10,827	11,563	8,232	9,734	9,494
Total Special Revenue Funds	781,687	736,463	648,185	607,656	606,501
Capital Projects Funds					
Interest, Rents and Recoveries	18,109	27,992	18,997	15,787	15,499
Federal Aid	13,518	2,298	7,334	21,550	41,189
State Aid	6,932	5,337	8,422	14,363	16,260
Other Revenues	961	1,616	757	438	
Total Capital Projects Funds	39,520	37,243	35,510	52,138	72,948
Debt Service Funds					
Interest Income	207				
Unrealized gain on investments	18	9			
Total Debt Service Funds	225	9			
Total Governmental Funds	\$ 2,392,193	\$ 2,311,471	\$ 2,240,289	\$ 1,944,245	\$ 1,926,681

(a) For the periods 1993 and subsequent, the revenues relating to the Community College are excluded and reported separately as a component unit on the governmental model. For the periods 1997 and subsequent revenues relating to County Parks, which were previously reported in the General Fund, are reported in a special revenue fund. Effective January of 1997, the operations of the County Road Fund, which was previously accounted for as a special revenue fund, has been combined with the General Fund. Additionally, as of September 29, 1999, the Nassau County Medical Center, A. Holly Patterson Geriatric Center, and Nassau County health clinics were sold to the Nassau Health Care Corporation. For fiscal periods prior to the sale, revenues for the Medical Center and Geriatric Center are reported as Enterprise Fund transactions, revenues for the health clinics are reported in the General Fund. Subsequent to the sale, revenues for these entities are reported as component unit transactions.

(b) 1996 data indicates revenues for the fifteen month fiscal period ended December 31, 1996.

(c) 1995 data indicates revenues for the nine month fiscal period ended September 30, 1995.

(d) For fiscal periods subsequent to 1996, data for Special Taxes and Other Revenues is significantly different than prior years as a result of an accounting reclassification for most Off-track Betting Corporation activity from operating revenues to other financing sources.

EXHIBIT T-2

1996(b)	1995(c)	1994	1993	1992
\$ 17,872	\$ 7,705	\$ 11,736	\$ 14,152	\$ 8,990
3,725	2,978	3,794	3,654	32
9,833	6,257	5,085	5,681	2,878
42,036	20,683	18,387	20,901	5,437
57,230	37,282	47,201	45,335	26,953
100,311	47,908	79,126	72,651	40,378
92,442	58,651	73,560	72,928	30,401
268,484	125,724	159,720	147,127	65,819
794,593	437,561	578,419	556,437	123,230
				520,235
42,702	25,407	32,893	32,049	33,031
170,888	89,713	123,007	99,644	93,659
265	191	222	414	254
10,234	7,207	9,180	9,399	10,363
10,383	7,606	5,217	4,488	4,264
1,620,998	874,882	1,147,547	1,084,860	965,924
5,249	1,718	5,447	4,893	2,479
20,118	12,483	13,933	17,054	51,053
6,349	5,171	5,641	5,573	3,572
43,276	21,498	44,829	33,845	21,531
38,957	36,218	22,572	37,810	66,237
569,330	350,290	461,342	475,658	510,204
11,474	6,211	8,910	8,604	9,632
694,753	433,589	562,674	583,437	664,708
9,316	5,526	4,550	2,834	2,180
14,596	4,884	5,610	9,463	22,320
21,763	5,110	15,630	8,194	10,160
4,183	891	889	877	837
49,858	16,411	26,679	21,368	35,497
\$ 2,365,609	\$ 1,324,882	\$ 1,736,900	\$ 1,689,665	\$ 1,666,129

COUNTY OF NASSAU, NEW YORK

 COUNTY, TOWNS, AND SPECIAL DISTRICTS(a)
 PROPERTY TAX LEVIES AND COLLECTIONS
 FOR THE YEARS ENDED IN 1992 THROUGH 2001 (Dollars in Thousands)

<u>Fiscal Year Beginning January 1</u>	<u>Total Ad Valorem or General Property Tax Levy</u>	<u>Amount Uncollected at End of Fiscal Year December 31</u>	<u>Percentage Uncollected at End of Fiscal Year December 31</u>	<u>Amount Uncollected December 31, 2001</u>	<u>Percentage Uncollected December 31, 2001</u>
2001	\$ 1,230,980	\$ 16,465	1.3376%	\$ 16,465	1.3376%
2000	1,143,781	17,141	1.4986%	1,278	0.1117%
1999	1,080,129	16,616	1.5383%	616	0.5700%
1998	1,045,461	17,075	1.6333%	456	0.4360%
1997	1,041,785	17,990	1.7268%	397	0.3810%
1996 (b)	1,147,381	20,788	1.8118%	444	0.3870%
1995 (c)	898,328	26,865	2.9906%	355	0.3950%
1994	1,020,852	22,554	2.2093%	337	0.3300%
1993	1,013,851	22,366	2.2060%	309	0.3050%
1992	1,030,044	27,443	2.6643%	422	0.4100%

(a) The property tax levies and collections referred to above include not only the taxes levied for County purposes, but also such taxes levied for the towns and special districts as are included in the tax rolls containing the taxes levied for County purposes.

(b) 1996 data is presented as of December 31, 1996, the end of the fifteen month 1996 fiscal period.

(c) 1995 data is presented as of September 30, 1995, the end of the nine month 1995 fiscal period.

COUNTY OF NASSAU, NEW YORK

EXHIBIT T-4

COUNTY, TOWNS AND CITIES
 TAXABLE ASSESSED VALUATIONS AND EQUALIZATION RATES FOR APPLICATION
 IN 2001* (Dollars in Thousands)

	<u>Taxable Assessed Valuation, Real Property</u>	<u>Taxable Assessed Valuation, Special Franchises</u>	<u>Total Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>
Town of Hempstead	\$ 1,769,954	\$ 134,126	\$ 1,904,080	3.35 %	\$ 56,838,199
Town of North Hempstead	916,498	52,687	969,185	3.10 %	31,264,022
Town of Oyster Bay	988,364	55,694	1,044,058	3.15 %	33,144,700
City of Long Beach	74,872	7,172	82,044	3.43 %	2,214,093
City of Glen Cove	78,931	4,762	83,693	3.78 %	2,391,969
	<u>\$ 3,828,619</u>	<u>\$ 254,441</u>	<u>\$ 4,083,060</u>		<u>\$ 125,852,983</u>

* Last completed assessed valuation fixed in 1999 on which the 2000 taxes are levied.

EXHIBIT T-5

COUNTY, TOWNS AND CITIES
 TOTAL TAXABLE ASSESSED AND FULL VALUATION OF TAXABLE PROPERTY
 FOR THE FISCAL YEARS ENDED IN 1992 THROUGH 2001 (Dollars in Thousands)

	<u>Total Taxable Assessed Valuation</u>	<u>Average State Equalization Rate</u>	<u>Full Valuation</u>
2001	\$ 4,083,060	3.24%	\$ 125,852,983
2000	4,048,032	3.51%	115,325,827
1999	4,024,225	3.97%	101,310,597
1998	4,040,053	4.04%	99,957,476
1997	4,036,444	4.18%	96,524,943
1996	4,033,259	4.20%	95,984,449
1995	4,007,308	4.21%	95,159,459
1994	4,021,168	4.31%	93,226,202
1993	4,072,452	3.73%	109,056,050
1992	4,099,306	3.67%	111,673,061

*Full valuation is determined by applying the average State equalization rate against total taxable assessed valuation as established by the County. A surge in County property values during the periods 2000 and 2001 has resulted in a decrease in the State equalization rate, thereby significantly increasing the full valuation over prior years.

COUNTY OF NASSAU, NEW YORK

COUNTY, TOWNS AND CITIES, INCORPORATED VILLAGE GOVERNMENTS

AND SPECIAL DISTRICTS

PROPERTY TAX LEVIES AND TAX RATES

FOR THE FISCAL PERIODS ENDED IN 1991 THROUGH 2000 (Dollars in Thousands)

(Tax Rates per \$100 of Assessed Valuation)

	2000		1999		1998		1997	
	Tax Levy	Tax Rate/Range						
County of Nassau								
General County Government (Net)	\$ 72,995	.73/3.01	\$ 70,119	.91/2.95	\$ 71,753	.90/2.91	\$ 73,527	1.19/2.98
Police District	258,632	8.14	221,100	6.98	228,296	7.17	228,200	7.17
Police Headquarters	131,022	2.02/3.48	127,265	2.22/3.40	107,627	1.81/2.89	108,626	2.10/2.9
Fire Prevention	14,747	.23/0.39	13,861	.24/.37	6,734	.11/0.18	6,779	.13/.18
Community College	35,959	.56/0.96	27,025	.47/0.72	27,435	.46/0.73	27,818	.54/.74
Sewage Disposal Districts	82,956	2.52/3.34	84,240	2.53/7.05	76,856	2.30/5.23	76,987	2.30/5.33
Sewage Collection Districts	43,779	.24/9.80	43,356	0.22/10.07	42,679	.33/8.43	43,113	.18/6.84
Parks & Recreation	36,471	.56/0.97	36,523	.64/0.98	32,519	.55/0.87	32,519	.63/.87
Total County of Nassau	676,561		623,489		593,899		597,569	
	(19.65)%		(18.64)%		(18.03)%		(18.55)%	
Town and City Governments	190,739	.22/73.36	183,369	.25/71.07	187,660	.25/69.63	185,157	.29/68.37
	(5.54)%		(5.48)%		(5.69)%		(5.75)%	
Incorporated Village Governments	\$ 248,260	.20/34.95	\$ 239,772	1.10/32.92	\$ 232,562	.04/32.92	\$ 228,778	.04/33.53
	(7.21)%		(7.17)%		(7.06)%		(7.10)%	
School Districts	1,984,885	6.27/82.73	1,962,065	5.77/74.20	1,949,068	5.28/69.53	1,884,793	4.99/68.23
	(57.64)%		(58.66)%		(59.16)%		(58.51)%	
Special Districts								
Fire	72,091	.82/7.05	70,352	.73/6.96	69,884	.69/6.51	66,600	.74/6.51
Fire Protection	11,480	.41/7.07	11,490	.41/6.88	11,715	.41/6.93	11,380	.34/7.96
Garbage, Refuse and Sanitary	136,536	.11/6.39	134,390	.11/5.99	131,678	.21/5.99	131,190	.16/5.99
Lighting	11,414	.17/0.54	11,719	.26/0.54	11,811	.27/0.54	12,190	.36/.54
Park	45,787	.36/8.16	45,565	.31/8.37	44,501	.29/8.65	44,939	.23/8.65
Parking and Improvement	32,814	.01/11.20	31,332	.01/11.34	31,163	.01/11.11	29,730	.01/9.52
Sewage - Special	10,174	.00/9.51	9,524	.00/10.11	9,120	.00/9.16	8,896	1.97/9.22
Water	22,881	.05/2.63	21,733	.05/2.57	21,462	.05/2.45	20,282	.05/2.45
Total Special Districts	343,177		336,105		331,334		325,207	
	(9.96)%		(10.05)%		(10.06)%		(10.09)%	
Totals	\$ 3,443,622		\$ 3,344,800		\$ 3,294,523		\$ 3,221,504	
	(100.00)%		(100.00)%		(100.00)%		(100.00)%	

** Indicates tax rate credit.

1996		1995		1994		1993		1992		1991	
Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range	Tax Levy	Tax Rate/Range
\$ 150,450	3.39/ 5.05	\$ 91,441	2.06/ 3.29	\$ 124,962	2.94/ 4.55	\$ 98,158	2.10/ 3.42	\$ 103,064	2.10/ 3.46	\$ 208,301	4.49/ 7.90
285,250	8.96	149,433	4.72	200,253	6.30	202,735	6.3	203,905	6.30	161,830	5.02
130,407	3.02/ 3.04	106,654	2.47/ 4.63	144,999	3.47/ 4.63	168,537	3.77/ 4.45	168,106	3.53/ 4.89	69,656	1.88
6,269	.15/ .17	3,782	.09/ .11	5,151	.12/ .14	5,025	.11/ .13				
27,818	.65/ .73	27,818	.64/ .79	27,818	.67/ .77	27,818	.62/ .74	27,818	.58/ .81	27,818	.70
95,707	2.82/ 5.23	59,470	1.82/ 4.34	68,717	2.02/ 3.41	56,053	1.35/ 3.67	72,844	2.20/ 4.01	75,278	2.00/ 5.23
51,696	(.08)/ 9.24	30,951	(.00)/ 6.30	42,222	(.09)**/ 7.65	43,308	(.03)**/ 7.76	37,531	(.37)**/ 6.53	7,030	.02/ 4.08
<u>747,597</u>		<u>469,549</u>		<u>614,122</u>		<u>601,634</u>		<u>613,268</u>		<u>549,913</u>	
(22.79)%		(16.16)%		(20.97)%		(21.21)%		(21.91)%		(20.42)%	
180,841	.24/ <u>66.63</u>	179,564	.24/ <u>64.24</u>	162,998	.20/ <u>55.91</u>	160,639	.12/ <u>53.41</u>	155,562	.12/ <u>3.30</u>	150,525	3.17/ <u>47.34</u>
(5.51)%		(6.18)%		(5.57)%		(5.67)%		(5.56)%		(5.59)%	
\$ 229,109	.08/ <u>33.53</u>	\$ 219,278	.41/ <u>31.99</u>	\$ 211,749	.77/ <u>31.41</u>	\$ 202,545	.67/ <u>40.09</u>	\$ 204,962	.44/ <u>30.97</u>	\$ 183,478	.44/ <u>43.60</u>
(6.98)%		(7.55)%		(7.23)%		(7.14)%		(7.32)%		(6.82)%	
1,809,572	7.32/ <u>74.79</u>	1,725,690	14.01/ <u>91.7</u>	1,641,018	16.59/ <u>90.41</u>	1,566,630	15.07/ <u>66.31</u>	1,508,672	15.61/ <u>63.98</u>	1,504,981	24.50/ <u>52.49</u>
(55.17)%		(59.39)%		(56.04)%		(55.24)%		(53.91)%		(55.89)%	
64,142	.69/ 6.51	62,502	.71/ 6.81	58,747	.59/ 10.26	54,989	.61/ 5.99	52,587	.58/ 5.99	48,492	.58/ 5.27
10,591	.41/ 7.72	10,437	.26/ 7.18	9,878	.28/ 7.77	9,545	.26/ 7.77	9,131	.26/ 8.01	8,324	.19/ 6.30
125,812	.12/ 5.88	125,226	.12/ 5.65	122,424	.12/ 5.29	127,840	.12/ 5.13	138,656	.10/ 6.10	136,591	.09/ 5.31
11,540	.28/ .52	11,810	.27/ 0.53	11,427	.25/ .50	12,019	.36/ .50	12,639	.47/ .52	12,601	.47/ .52
43,476	.18/ 9.78	45,391	.14/ 8.90	41,757	.11/ 9.84	46,676	.09/ 9.83	48,836	.10/ 9.84	47,964	.10/ 9.58
29,643	.01/ 9.83	29,839	.01/ 9.73	28,764	.01/ 8.23	28,518	.00/ 8.24	28,741	.01/ 7.50	26,542	.01/ 6.70
8,622	8.41/ 8.41	8,417	6.88/ 6.88	8,097	8.42/ 8.42	7,685	.91/ 6.92	6,520	.01/ 4.59	6,756	.01/ 5.68
19,263	.05/ <u>3.97</u>	18,042	.21/ <u>3.43</u>	17,394	.21/ <u>3.24</u>	17,397	.21/ <u>2.57</u>	19,193	.30/ <u>2.50</u>	16,532	.20/ <u>2.45</u>
<u>313,089</u>		<u>311,664</u>		<u>298,488</u>		<u>304,669</u>		<u>316,303</u>		<u>303,802</u>	
(9.55)%		(10.72)%		(10.19)%		(10.74)%		(11.30)%		(11.28)%	
\$ 3,280,208		\$ 2,905,745		\$ 2,928,375		\$ 2,836,117		\$ 2,798,767		\$ 2,692,699	
(100.00)%		(100.00)%		(100.00)%		(100.00)%		(100.00)%		(100.00)%	

COUNTY OF NASSAU, NEW YORK

PERCENTAGE OF LONG-TERM DEBT TO TAXABLE ASSESSED VALUATION
 AND LONG-TERM DEBT PER CAPITA
 FOR THE YEARS ENDED IN 1992 THROUGH 2001 (Dollars in Thousands)

	<u>Taxable Assessed Valuation</u>	<u>Long-Term Debt (c)</u>	<u>Long-Term Debt Per Capita (d)</u>	<u>Percentage of Long- Term Debt To Taxable Assessed Valuation</u>
2001	\$4,083,060	\$2,840,923	\$2,129	69.58 %
2000	4,048,032	2,933,401	2,263	72.46 %
1999	4,024,225	2,616,170	2,023	65.01 %
1998	4,040,053	2,443,417	1,893	60.48 %
1997	4,036,444	2,400,248	1,864	59.46 %
1996 (a)	4,033,259	2,134,465	1,660	52.92 %
1995 (b)	4,007,308	1,909,445	1,488	47.65 %
1994	4,021,168	1,927,130	1,501	47.92 %
1993	4,072,452	1,764,225	1,373	43.32 %
1992	4,099,306	1,491,735	1,160	36.39 %
1991	4,089,776	1,341,935	1,043	32.81 %

(a) 1996 data is for the fifteen month fiscal period ended December 31, 1996.

(b) 1995 data is for the nine month fiscal period ended September 30, 1995.

(c) Includes debt of Nassau Community College, a Discretely Presented Component Unit.

(d) Actual amount per capita, not expressed in thousands.

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CONSTITUTIONAL DEBT MARGIN
DECEMBER 31, 2001 (Dollars in Thousands)

(The Constitutional limit of total indebtedness is 10% of the average full valuation of real estate for the latest five years.)

Average Full Valuation of Real Estate for the
Fiscal Years Ended in 1995 Through 2001:

2001 Full Valuation	\$ 125,852,983
2000 Full Valuation	115,325,827
1999 Full Valuation	101,310,597
1998 Full Valuation	99,957,476
1997 Full Valuation	96,524,943
	<u>538,971,826</u>
Average Full Valuation	<u>\$ 107,794,365</u>

Constitutional Debt Margin:

Constitutional Limit of Total Indebtedness,
10% of Average Full Valuation

\$ 10,779,437

Outstanding Indebtedness:

County Serial Bonds Payable	\$ 2,323,634
Community College Serial Bonds Payable	49,355
NIFA Serial Bonds	436,200
State Revolving Fund Loan	2,696
Tax Anticipation Notes Payable	159,150
Revenue Anticipation Notes Payable	180,920
Real Property Liabilities	11,800
Guarantees	259,735
Contract Liabilities	<u>120,603</u>
Total Outstanding Indebtedness	\$ 3,544,093

Less: Constitutional Exclusions

Cash and Investments - Capital Projects Funds	316,839
Tax and Revenue Anticipation Notes Payable	<u>340,070</u>
	<u>656,909</u>

Net Outstanding Indebtedness (26.78%) 2,887,184

Constitutional Debt Margin (73.22%) \$ 7,892,253

COUNTY OF NASSAU, NEW YORK

**ALL COMMERCIAL AND FDIC REGULATED SAVINGS BANK DEPOSITS,
NASSAU COUNTY BANKING INSTITUTIONS
FOR THE YEARS ENDED JUNE 30, 1992 THROUGH JUNE 30, 2001***
(Dollars in Thousands)

<u>Year</u>	<u>Bank Deposits</u>
2001	\$ 36,533,000
2000	35,297,000
1999	33,953,000
1998	32,897,000
1997	32,267,000
1996	31,925,000
1995	31,703,000
1994	31,533,000
1993	28,217,615
1992	28,763,503

*Data only available through the years ended June 30, 2001.

Source: Federal Deposit Insurance Corporation.

COUNTY OF NASSAU, NEW YORK

STATEMENT OF CONSTITUTIONAL TAX MARGIN
FOR THE YEAR ENDED DECEMBER 31, 2001 (Dollars in Thousands)

(The Constitutional limit of real property taxation is 2% of the average full valuation of real estate for the five years preceding the current year.)

Average Full Valuation of Real Estate
for the Five Years Preceding the Current Year:

2000 Full Valuation	\$ 115,325,827	
1999 Full Valuation	101,310,597	
1998 Full Valuation	99,957,476	
1997 Full Valuation	96,524,943	
1996 Full Valuation	95,984,449	
	<u>509,103,292</u>	
Average Full Valuation	\$ <u>101,820,658</u>	
<u>Constitutional Tax Margin:</u>		
Constitutional Limit of Real Property Taxation, 2% of Average Full Valuation	\$ 2,036,413	
<u>Add:</u> Exclusions for Debt Service	<u>251,430</u>	
Net Constitutional Tax Limit		\$ 2,287,843
<u>2000 Tax Levies:</u>		
General County Government	\$ 184,850	
<u>Less:</u> Sales Tax Allocation Credit	<u>40,392</u>	
Net General County Government	144,458	
Police District	272,520	
Police Headquarters	131,022	
Fire Prevention, Safety, Communication and Education	14,946	
Community College	<u>38,039</u>	
Total 2001 Tax Levies which are subject to the Constitutional Tax Limit (26.27%)		<u>600,985</u>
Constitutional Tax Margin (73.73%)		\$ <u>1,686,858</u>

* Full valuation is determined by applying the average State equalization rate against assessed valuation as established by the County.

COUNTY OF NASSAU, NEW YORK

GENERAL COUNTY GOVERNMENT, TOWNS AND CITIES

COMPUTATION OF DIRECT AND OVERLAPPING NET DEBT

FOR THE FISCAL PERIODS ENDED IN 1991 THROUGH 2000 (Dollars in Thousands) (Continued)

	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
DIRECT DEBT, COUNTY OF NASSAU:				
General Government:				
Bonds	\$ 2,078,842	\$ 2,035,371	\$ 1,816,509	\$ 1,738,611
Other Debt Obligations	<u> </u>	<u>85,826</u>	<u>85,321</u>	<u>102,215</u>
Total	<u>2,078,842</u>	<u>2,121,197</u>	<u>1,901,830</u>	<u>1,840,826</u>
Sewage Disposal				
District #1:				
Bonds	13,123	13,460	13,639	3,271
Other Debt Obligations	<u> </u>	<u>466</u>	<u>19</u>	<u>570</u>
Total	<u>13,123</u>	<u>13,926</u>	<u>13,658</u>	<u>3,841</u>
Sewage Collection				
District #1:				
Bonds	2,610	2,800	2,990	528
Other Debt Obligations	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>2,610</u>	<u>2,800</u>	<u>2,990</u>	<u>528</u>
Sewage Disposal				
District #2:				
Bonds	199,432	204,718	218,969	120,107
Other Debt Obligations	<u> </u>	<u>9,140</u>	<u>4,887</u>	<u>3,988</u>
Total	<u>199,432</u>	<u>213,858</u>	<u>223,856</u>	<u>124,095</u>
Sewage Collection				
District #2:				
Bonds	32,539	33,785	33,244	21,671
Other Debt Obligations	<u> </u>	<u>776</u>	<u>1,204</u>	<u>523</u>
Total	<u>32,539</u>	<u>34,561</u>	<u>34,448</u>	<u>22,194</u>
Sewage Disposal				
District #3:				
Bonds	163,986	156,852	170,400	103,818
Other Debt Obligations	<u> </u>	<u>8,113</u>	<u>974</u>	<u> </u>
Total	<u>163,986</u>	<u>164,965</u>	<u>171,374</u>	<u>103,818</u>
Sewage Collection				
District #3:				
Bonds	156,949	169,185	187,665	202,627
Other Debt Obligations	<u>2,696</u>	<u>7,989</u>	<u>3</u>	<u>1,685</u>
Total	<u>159,645</u>	<u>177,174</u>	<u>187,668</u>	<u>204,312</u>
Total Direct Debt,				
County of Nassau:				
Bonds	2,647,481	2,616,171	2,443,416	2,190,633
Other Debt Obligations	<u>2,696</u>	<u>112,310</u>	<u>92,408</u>	<u>108,981</u>
Total	<u>2,650,177</u>	<u>2,728,481</u>	<u>2,535,824</u>	<u>2,299,614</u>

1996	1995	1994	1993	1992	1991
\$ 1,437,815	\$ 1,221,419	\$ 1,209,858	\$ 1,095,767	\$ 878,290	\$ 773,095
<u>178,124</u>	<u>216,395</u>	<u>94,235</u>	<u>87,133</u>	<u>48,271</u>	<u>96,825</u>
<u>1,615,939</u>	<u>1,437,814</u>	<u>1,304,093</u>	<u>1,182,900</u>	<u>926,561</u>	<u>869,920</u>
4,366	4,415	4,217	4,208	4,235	2,739
<u>158</u>	<u>144</u>	<u>420</u>	<u>56</u>	<u>14</u>	<u>88</u>
<u>4,524</u>	<u>4,559</u>	<u>4,637</u>	<u>4,264</u>	<u>4,249</u>	<u>2,827</u>
3,286	3,453	3,613	3,650	1,923	46
<u>3,286</u>	<u>3,453</u>	<u>3,613</u>	<u>100</u>	<u>44</u>	<u>46</u>
<u>3,286</u>	<u>3,453</u>	<u>3,613</u>	<u>3,750</u>	<u>1,967</u>	<u>46</u>
236,420	223,312	230,770	188,290	139,919	129,542
<u>3,288</u>	<u>3,188</u>	<u>994</u>	<u>602</u>	<u>11,031</u>	<u>8,879</u>
<u>239,708</u>	<u>226,500</u>	<u>231,764</u>	<u>188,892</u>	<u>150,950</u>	<u>138,421</u>
33,334	33,520	31,727	31,297	29,221	13,984
<u>1,358</u>	<u>690</u>	<u>2,811</u>	<u>363</u>	<u>387</u>	<u>979</u>
<u>34,692</u>	<u>34,210</u>	<u>34,538</u>	<u>31,660</u>	<u>29,608</u>	<u>14,963</u>
196,812	179,141	190,484	175,289	169,028	137,410
<u>632</u>	<u>4,267</u>	<u>294</u>	<u>2,101</u>	<u>337</u>	<u>5,088</u>
<u>197,444</u>	<u>183,408</u>	<u>190,778</u>	<u>177,390</u>	<u>169,365</u>	<u>142,498</u>
222,432	244,185	256,461	265,724	269,119	285,119
<u>536</u>	<u>381</u>	<u>2,119</u>	<u>47</u>	<u>27</u>	
<u>222,968</u>	<u>244,566</u>	<u>258,580</u>	<u>265,771</u>	<u>269,146</u>	<u>285,119</u>
2,134,465	1,909,445	1,927,130	1,764,225	1,491,735	1,341,935
<u>184,096</u>	<u>225,065</u>	<u>100,873</u>	<u>90,402</u>	<u>60,111</u>	<u>111,859</u>
<u>2,318,561</u>	<u>2,134,510</u>	<u>2,028,003</u>	<u>1,854,627</u>	<u>1,551,846</u>	<u>1,453,794</u>

COUNTY OF NASSAU, NEW YORK

GENERAL COUNTY GOVERNMENT, TOWNS AND CITIES
 COMPUTATION OF DIRECT AND OVERLAPPING NET DEBT
 FOR THE FISCAL PERIODS ENDED IN 1991 THROUGH 2000 (Dollars in Thousands) (Concluded)

	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
OVERLAPPING DEBT, TOWNS AND CITIES:				
Town of Hempstead				
Bonds	\$ 724,874	\$ 674,839	\$ 589,922	\$ 522,839
Other Debt Obligations	29,488	51,299	78,481	60,287
Less Sinking Funds	<u>(1,501)</u>	<u>(52)</u>	<u>(1,577)</u>	<u>(170)</u>
Total	<u>752,861</u>	<u>726,086</u>	<u>666,826</u>	<u>582,956</u>
Town of North Hempstead:				
Bonds	435,450	468,168	417,729	321,055
Other Debt Obligations	42,656	33,308	40,397	109,119
Less Sinking Funds	<u>(95)</u>	<u>(115)</u>	<u>(110)</u>	<u>(110)</u>
Total	<u>478,011</u>	<u>501,361</u>	<u>458,016</u>	<u>430,064</u>
Town of Oyster Bay:				
Bonds	362,325	299,429	246,737	282,546
Other Debt Obligations	115,952	101,893	74,090	74,478
Less Sinking Funds	<u>(1,000)</u>	<u>(406)</u>	<u>(355)</u>	<u>(1,000)</u>
Total	<u>478,277</u>	<u>400,916</u>	<u>320,472</u>	<u>357,024</u>
City of Glen Cove:				
Bonds	38,248	40,671	41,777	38,527
Other Debt Obligations	<u>5,794</u>	<u>965</u>	<u>5,644</u>	<u>4,605</u>
Total	<u>44,042</u>	<u>41,636</u>	<u>47,421</u>	<u>43,132</u>
City of Long Beach:				
Bonds	27,758	24,475	24,386	16,141
Other Debt Obligations	13,312	12,288	13,177	16,432
Less Sinking Funds	<u>(1,033)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>
Total	<u>40,037</u>	<u>36,763</u>	<u>37,563</u>	<u>32,573</u>
Total Overlapping Debt, Towns and Cities:				
Bonds	1,588,655	1,507,582	1,320,551	1,181,108
Other Debt Obligations	207,202	199,753	211,789	264,921
Less Sinking Funds	<u>(2,629)</u>	<u>(573)</u>	<u>(2,042)</u>	<u>(280)</u>
Total	<u>1,793,228</u>	<u>1,706,762</u>	<u>1,530,298</u>	<u>1,445,749</u>
TOTAL DIRECT & OVERLAPPING NET DEBT:				
Bonds	4,236,136	4,123,753	3,763,967	3,371,741
Other Debt Obligations	209,898	312,063	304,197	373,902
Less Sinking Funds	<u>(2,629)</u>	<u>(573)</u>	<u>(2,042)</u>	<u>(280)</u>
TOTAL	\$ 4,443,405	\$ 4,435,243	\$ 4,066,122	\$ 3,745,363

1996	1995	1994	1993	1992	1991
\$ 415,691	\$ 395,577	\$ 345,989	\$ 356,025	\$ 207,816	\$ 217,109
84,041	62,706	75,716	65,488	39,355	67,533
<u>(398)</u>	<u>(398)</u>	<u>(738)</u>	<u>(1,054)</u>	<u>(1,609)</u>	<u>(3,515)</u>
<u>499,334</u>	<u>457,885</u>	<u>420,967</u>	<u>420,459</u>	<u>245,562</u>	<u>281,127</u>
251,598	282,631	294,489	328,075	223,342	179,901
113,133	41,556	28,882	33,281	44,332	36,030
<u>(501)</u>	<u>(250)</u>	<u>(50)</u>	<u>(115)</u>	<u>(78)</u>	<u>(110)</u>
<u>364,230</u>	<u>323,937</u>	<u>323,321</u>	<u>361,241</u>	<u>267,596</u>	<u>215,821</u>
269,613	288,498	284,171	257,531	229,018	229,102
36,275	17,434	20,408	25,440	22,590	29,937
<u>305,888</u>	<u>305,932</u>	<u>304,544</u>	<u>282,971</u>	<u>251,608</u>	<u>259,039</u>
45,520	36,216	29,155	17,901	18,922	16,866
<u>45,520</u>	<u>36,216</u>	<u>8,286</u>	<u>10,874</u>	<u>6,169</u>	<u>4,163</u>
<u>45,520</u>	<u>36,216</u>	<u>37,441</u>	<u>28,775</u>	<u>25,091</u>	<u>21,029</u>
24,185	34,633	27,179	25,508	23,355	19,267
10,469	(31)	1,189	4,623	4,195	5,628
<u>34,654</u>	<u>34,602</u>	<u>(247)</u>	<u>(649)</u>	<u>(1,143)</u>	<u>(1,753)</u>
<u>34,654</u>	<u>34,602</u>	<u>28,121</u>	<u>29,482</u>	<u>26,407</u>	<u>23,142</u>
1,006,607	1,037,555	980,983	985,040	702,453	662,245
243,918	121,696	134,481	139,706	116,641	143,291
<u>(899)</u>	<u>(679)</u>	<u>(1,070)</u>	<u>(1,818)</u>	<u>(2,830)</u>	<u>(5,378)</u>
<u>1,249,626</u>	<u>1,158,572</u>	<u>1,114,394</u>	<u>1,122,928</u>	<u>816,264</u>	<u>800,158</u>
3,141,072	2,947,000	2,908,113	2,749,265	2,194,188	2,004,180
428,014	346,761	235,354	230,108	176,752	255,150
<u>(899)</u>	<u>(679)</u>	<u>(1,070)</u>	<u>(1,818)</u>	<u>(2,830)</u>	<u>(5,378)</u>
<u>\$ 3,568,187</u>	<u>\$ 3,293,082</u>	<u>\$ 3,142,397</u>	<u>\$ 2,977,555</u>	<u>\$ 2,368,110</u>	<u>\$ 2,253,952</u>

COUNTY OF NASSAU, NEW YORK

ALL GOVERNMENTAL FUND TYPES OF THE PRIMARY GOVERNMENT
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
 LONG-TERM DEBT TO TOTAL EXPENDITURES
 FOR THE FISCAL YEARS ENDED IN 1992 THROUGH 2001 (Dollars in Thousands)

Year	Debt Service Expenditures for Long-Term Debt (b)	Total Expenditures (a)	Ratio of Debt Service Expenditures to Total Expenditures
2001	\$346,749	\$2,786,710	12.44%
2000	338,314	2,495,204	13.56%
1999	383,358	2,558,549	14.98%
1998	369,955	2,610,148	14.17%
1997	323,374	2,317,386	13.95%
1996(c)	388,790	2,626,564	14.80%
1995(d)	201,756	1,488,277	13.56%
1994	252,492	1,810,750	13.94%
1993	225,613	1,880,209	12.00%
1992	213,601	1,844,029	11.58%

(a) For the periods 1993 and subsequent, the expenditures relating to the Community College are excluded and reported separately as a component unit on the governmental model.

(b) For the periods 1992 through 1999, the debt service expenditures of the General Fund included expenditures for the debt service of the Enterprise Funds.

(c) 1996 data indicates expenditures for the fifteen month fiscal period ended December 31, 1996.

(d) 1995 data indicates expenditures for the nine month fiscal period ended September 30, 1995.

COUNTY OF NASSAU, NEW YORK

DEMOGRAPHIC STATISTICS
FOR THE FISCAL YEARS ENDED IN 1992 THROUGH 2001

<u>Year</u>	<u>Population (In Thousands) (a)</u>	<u>Per Capita Personal Income (b)</u>	<u>Unemployment Rate (c)</u>
2001	1,335	\$ N.A.	3.6%
2000	1,296	N.A.	2.7%
1999	1,294	43,997	3.1%
1998	1,291	42,402	2.9%
1997	1,288	42,429	3.4%
1996	1,286	38,612	3.8%
1995	1,284	36,609	4.5%
1994	1,284	34,269	5.1%
1993	1,285	32,966	5.8%
1992	1,286	32,270	7.1%

Sources:

- (a) Long Island Lighting Company and LIPA estimates
- (b) United States Department of Commerce & Long Island Regional Planning Board.
- (c) Long Island Almanac

COUNTY OF NASSAU, NEW YORK

CONSTRUCTION PERMIT DATA
FOR THE FISCAL YEARS ENDED IN 1991 THROUGH 2001 (Dollars in Thousands)

<u>Year</u>	<u>Value of New Construction</u>	<u>Value of Residential Construction (a)</u>	<u>Value of Commercial Construction (a)</u>	<u>Number of New Dwelling Units (b)</u>
2001	\$ 790,527	\$ 395,040	\$ 395,487	945
2000	889,888	437,733	462,135	1,083
1999	809,066	351,584	457,481	977
1998	762,806	321,540	441,266	1,005
1997	615,414	276,904	338,509	948
1996	570,286	248,898	321,388	851
1995	584,460	236,271	348,189	896
1994	454,609	238,365	226,243	831
1993	424,417	201,301	223,116	757
1992	377,743	143,950	233,523	542
1991	379,984	237,583	142,402	483

(a) Data are based on construction permits issued.

(b) Actual new dwelling units, not expressed in thousands.

Sources: Nassau County Department of Assessment

COUNTY OF NASSAU, NEW YORK

PRINCIPAL TAXPAYERS
DECEMBER 31, 2001 (Dollars in Thousands)

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2001 Taxable Valuation</u>	<u>Percentage of Total Taxable Valuation</u>
Long Island Power Authority (1)	Public Utility	\$ 212,997	5.26 %
Keyspan Energy Corp.	Public Utility	89,701	2.22 %
Verizon	Public Utility	75,370	1.86 %
Long Island Water Corp.	Public Utility	20,231	0.50 %
Retail Property Trust	Shopping Mall	17,303	0.43 %
Reckson	Multi-use Buildings	16,693	0.41 %
Greater N. Y. Assoc. & NYRA	Belmont Raceway	11,182	0.28 %
Northrop Grumman Corp.	Aerospace Manufacturing	9,473	0.23 %
New York Water Corp.	Public Utility	8,326	0.21 %
Coliseum Plaza Assoc.	Office Buildings	8,171	0.20 %
E. Q. K. Green Acres L.P.	Shopping Mall	7,965	0.20 %
Cablevision	Public Utility	7,582	0.19 %
Industrial & Research A Assoc.	Industrial Park	7,097	0.18 %
Joint Venture	Retail Stores	6,774	0.17 %
We're Associates	Office Buildings	6,708	0.17 %
Raceway Retail	Shopping Center	6,123	0.15 %
J. Q. I. Associates, LLC	Office Buildings	6,113	0.15 %
Hudson Resources & Sunrise Mall Assoc.	Shopping Mall	5,859	0.14 %
WS Associates	Retail Stores	5,594	0.14 %
Tilles Investment	Real Estate Develop Co.	5,218	0.13 %
CL-Roosevelt, LLC	Real Estate	5,101	0.13 %
Matterhorn USA, INC	Office Buildings	4,791	0.12 %
Corporate Property Investors	Shopping Mall	4,769	0.12 %
Loral Fairchild Corp.	Manufacturing	4,646	0.11 %

(1) \$136,765 of the total taxable valuation is deeded in the name of Long Island Lighting Company.

Source: Nassau County Department of Assessment.

COUNTY OF NASSAU, NEW YORK

MISCELLANEOUS STATISTICS

December 31, 2001

Current Data:

Date of incorporation.....	1899
Form of government.....	County
Area.....	300 square miles
Population.....	1,334,544
Resident labor force.....	685,700
Number of shopping centers.....	363
Number of banking offices.....	775
Number of housing units.....	447,387
Number of telephone access lines.....	878,599
Acres of public park lands.....	15,190

Educational Information:

Number of school districts.....	56
Number of colleges.....	14
Public school enrollment.....	203,204
Number of public school classroom teachers.....	16,258

Health and Hospital Facilities:

Number of hospitals.....	14
Number of certified hospital beds.....	4,760

Motor Vehicle Information:

Number of passenger vehicle registrations.....	985,924
Number of driver licenses.....	975,198

Nassau County Employees:

Number of full time employees excluding uniformed police personnel.....	12,196
Number of part time employees.....	5,856
Number of uniformed police personnel.....	2,799

Sources:

Long Island Business News

Nassau County Official Statements

New York State Education Department

COUNTY OF NASSAU, NEW YORK

MAJOR NON-GOVERNMENTAL EMPLOYERS
DECEMBER 31, 2001

<u>Employer</u>	<u>Type of Activity</u>	<u>Approximate Number of Employees</u>
North Shore-Long Island Jewish Health System	Medical Care	27,000
Catholic Health Services	Religious Institution	13,500
Verizon	Communications	6,600
Federated Department Stores	Merchandising	6,100
Home Depot	Merchandising	6,100
Cablevision	Cable TV Service	6,100
Winthrop-South Nassau Health System	Medical Care	5,900
J. P. Morgan Chase	Financial Institution	5,700
Pathmark	Supermarket	5,100
J. C. Penny	Merchandising	5,000
Waldbaum's	Supermarket	5,000
King Kullen	Supermarket	4,600
Stop & Shop	Supermarket	4,400
Keyspan Energy	Utility	4,400
Long Island University	Education	3,900
Citigroup	Financial Institution	3,800
CVS	Pharmacy	3,200
Sears	Merchandising	2,900
North Fork Bancorp	Financial Institution	2,700
United Parcel Service	Mail Delivery	2,600
Geico Insurance	Insurance	2,600
Hofstra University	Education	2,500
Allstate	Insurance	1,700

Source: Newsday

COUNTY OF NASSAU, NEW YORK

ACTUAL EXPENDITURES- ALL FUNDS
 CLAIMS AND LITIGATION, INCLUDING TAX CERTIORARI
 FOR THE FISCAL PERIODS ENDED IN 1992 THROUGH 2001 (Dollars in Thousands)

<u>Period</u>	<u>Operating Expenditures</u>	<u>Bonded Expenditures</u>	<u>Total Claims and Litigation</u>
2001	\$ 757	\$ 175,473	\$ 176,230
2000	433	122,890	123,323
1999	743	104,730	105,473
1998	626	147,212	147,838
1997	810	194,369	195,179
1996*	419	203,357	203,776
1995**	143	157,699	157,842
1994	156	129,013	129,169
1993	913	78,041	78,954
1992	2,012	46,019	48,031

* Fifteen Months

** Nine Months

APPENDIX



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Thomas R. Suozzi, County Executive
And Members of the County Legislature
County of Nassau, New York

We have audited the general purpose financial statements of the County of Nassau, New York, (the "County") as of and for the year ended December 31, 2001, (with the Nassau Community College for the year ended August 31, 2001) and have issued our report thereon dated April 19, 2002. We did not audit the financial statements of the Nassau Regional Off-Track Betting Corporation, the Nassau County Industrial Development Agency, and the Nassau Health Care Corporation, all discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such entities is based solely on the reports of the other auditors. Our report includes an explanatory paragraph addressing the County's severe financial difficulties. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Nassau Regional Off-Track Betting Corporation were not audited in accordance with *Government Auditing Standards*.

COMPLIANCE

As part of obtaining reasonable assurance about whether the County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Appendix of Findings as item 01- 1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the County Legislature, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte + Touche LLP

April 19, 2002

APPENDIX

FINDING

FINDING 01-1 CASH BALANCES - 200 AND 209 ACCOUNTS

Condition: The Treasurer's Office does not reconcile the 200 account to the 1XX accounts for each fund.

Criteria: Each 1XX account represents an individual bank balance within the 200 account. Hence, the summation of the 1XX accounts should equal the balance in the 200 account.

Effect: A difference exists between the 200 accounts and the corresponding 1XX accounts of approximately \$1.2 million.

Recommendation: Account 200 should be reconciled to the 1XX accounts which correspond to each specific fund on a daily basis.